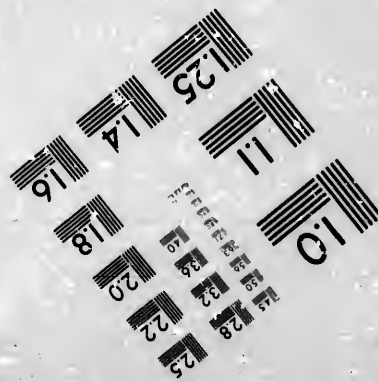
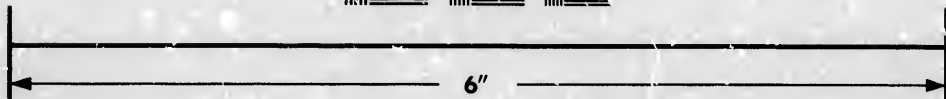
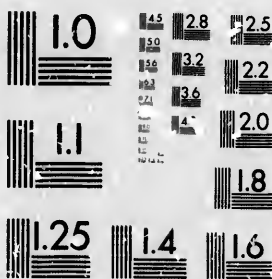


**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

14
28
32
35
25
22
20
8

**CIHM/ICMH
Microfiche
Series.**

**CIHM/ICMH
Collection de
microfiches.**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

10
01

© 1981

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- Coloured covers/
Couverture de couleur
- Covers damaged/
Couverture endommagée
- Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée
- Cover title missing/
Le titre de couverture manque
- Coloured maps/
Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur
- Bound with other material/
Relié avec d'autres documents
- Tight binding may cause shadows or distortion
along interior margin/
La reliure serrée peut causer de l'ombre ou de la
distortion le long de la marge intérieure
- Blank leaves added during restoration may
appear within the text. Whenever possible, these
have been omitted from filming/
Il se peut que certaines pages blanches ajoutées
lors d'une restauration apparaissent dans le texte,
mais, lorsque cela était possible, ces pages n'ont
pas été filmées.
- Additional comments:
Commentaires supplémentaires:

- Coloured pages/
Pages de couleur
- Pages damaged/
Pages endommagées
- Pages restored and/or laminated/
Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées
- Pages detached/
Pages détachées
- Showthrough/
Transparence
- Quality of print varies/
Qualité inégale de l'impression
- Includes supplementary material/
Comprend du matériel supplémentaire
- Only edition available/
Seule édition disponible
- Pages wholly or partially obscured by errata
slips, tissues, etc., have been refilmed to
ensure the best possible image/
Les pages totalement ou partiellement
obscurcies par un feuillet d'errata, une pelure,
etc., ont été filmées à nouveau de façon à
obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below/
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	12X	14X	16X	18X	20X	22X	24X	26X	28X	30X	32X
					✓						

The copy filmed here has been reproduced thanks to the generosity of:

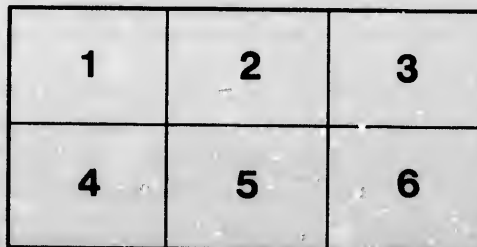
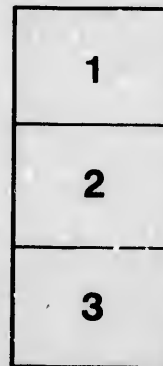
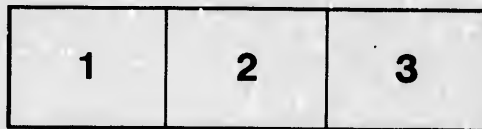
Library of the Public
Archives of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

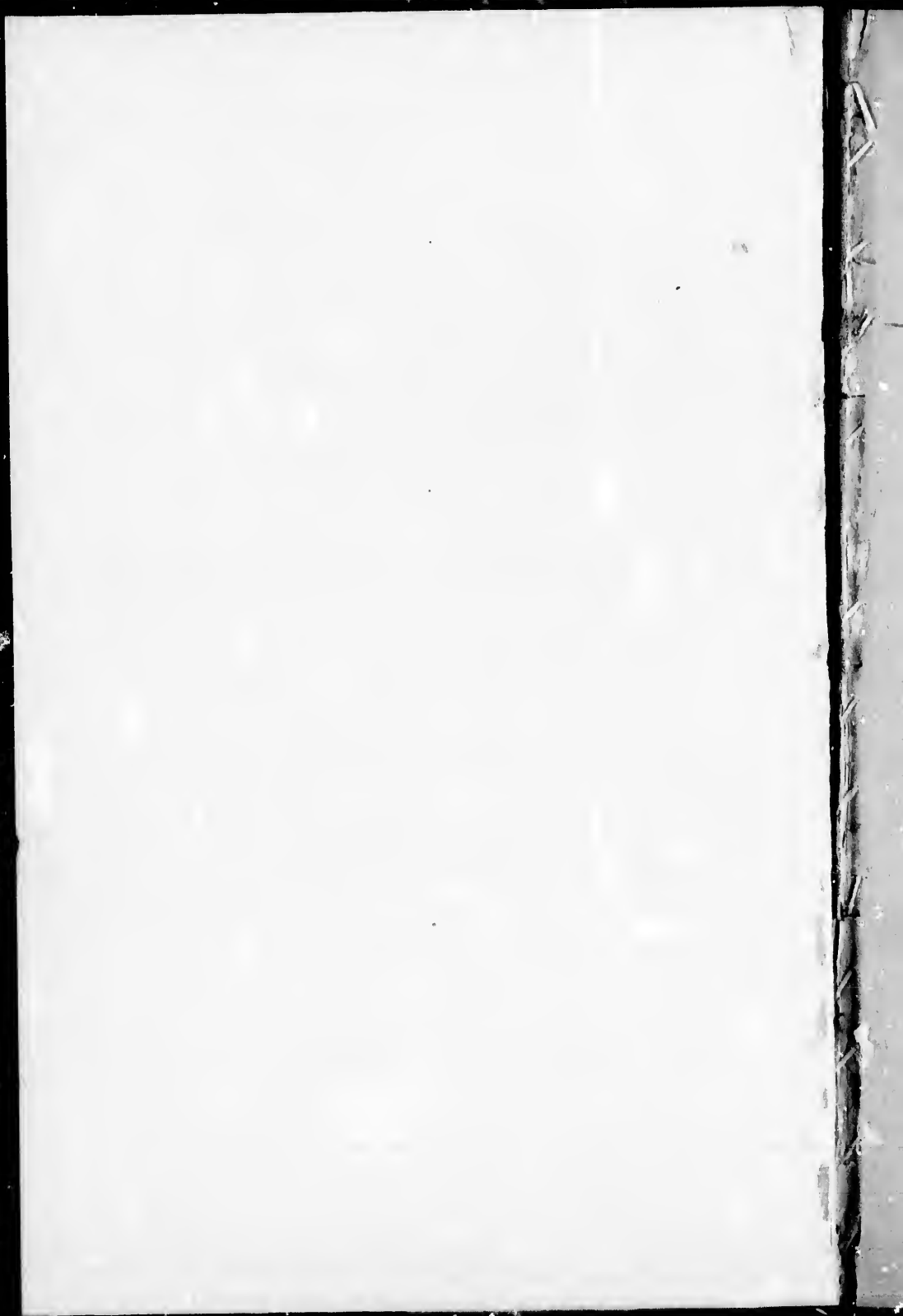
La bibliothèque des Archives
publiques du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.



THE "TIMES" *2*

AND ITS

CORRESPONDENTS

ON

CANADIAN RAILWAYS.

THE MONTREAL
NORTHERN COLONIZATION RAILWAY COMPANY.

London:

PRINTED BY WHITEHEAD, MORRIS & LOWE, 107 & 108, FENCHURCH STREET, E.C.

1875.

Handwritten text, possibly a signature or name, located at the top of the page.

Faint, illegible text, possibly a title or header, located in the upper middle section.

Faint, illegible text, possibly a title or header, located in the middle section.

Faint, illegible text, possibly a title or header, located in the lower middle section.

Faint, illegible text, possibly a title or header, located in the lower section.

Faint, illegible text, possibly a title or header, located near the bottom of the page.

THE "TIMES"

AND ITS

CORRESPONDENTS

ON

CANADIAN RAILWAYS.

THE MONTREAL
NORTHERN COLONIZATION RAILWAY COMPANY.

London :

PRINTED BY WHITEHEAD, MORRIS & LOWE, 167 & 168, FENCHURCH STREET, E.C.

1876.

1887 100 - 1719

fr
an
or
ha
to
be
pa
wh
Pa
the

JE
con
Po
Ra
con
out

L

PREFACE.

I have decided upon publishing in pamphlet form, the articles from the *Times*, and the correspondence respecting them, which are to be found in the following pages. In doing so, I have in one or two instances corrected minor errors of detail in figures, and have supported my statements in important particulars, by references to authentic documents. I have added to these a few statistics bearing upon the statements of the *Times*, and shewing the comparative advantages of the Montreal Northern Colonization Railway; which received a more appropriate name from the Dominion Parliament last week; and therefore will be hereafter known as the "Montreal, Ottawa, and Western Railway."

I also publish communications to the *Times* from Mr. EDWARD JENKINS, M.P., the Agent General of the Canadian Dominion, commenting upon the attacks of the *Times*; and of Mr. RICHARD POTTER, the President of the Grand Trunk Railway; on Canadian Railways and Railway enterprise.—And finally, I add a short correspondence with the *Times*, upon an incidental matter, arising out of Mr. POTTER's letter to that paper.

H. ALLAN,

*President Montreal, Ottawa and Western
Railway Company.*

LONDON,

23rd April, 1875.

1881
1882
1883
1884
1885

1
1
1



...the English investor, we hope will prove entirely abortive.

At the time of the publication of this article, I had been less than two weeks in England. No prospectus of the proposed issue had been prepared; the mode of negotiation had not been decided on; and the matter had not been









shewing

THE MONTREAL, OTTAWA, & WESTERN RAILWAY.

THE ONLY DIRECT ROUTE
BETWEEN MONTREAL & OTTAWA.

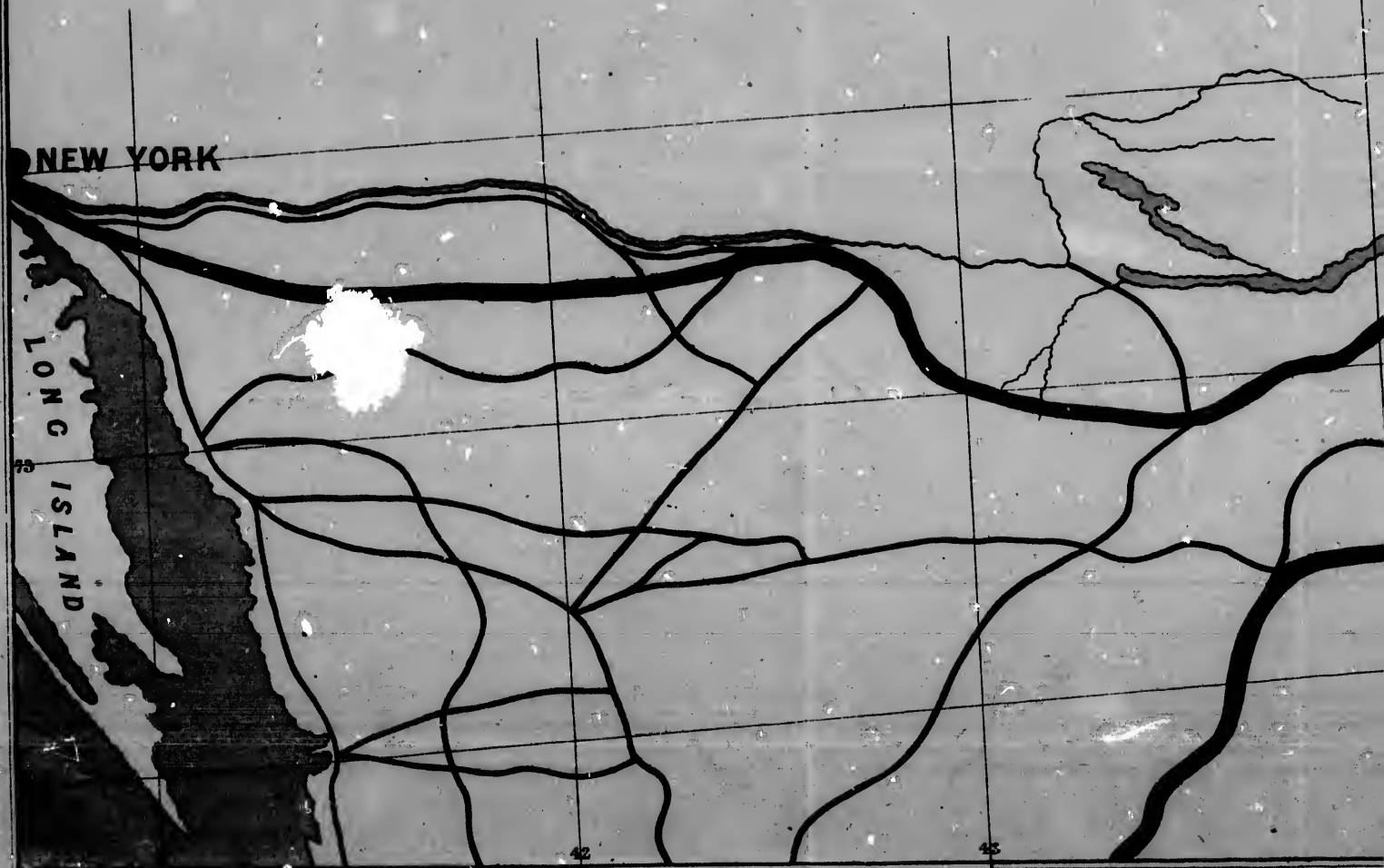
ITS EXISTING AND PROJECTED RAILWAY CONNECTIONS
and
ITS POSITION RELATIVELY TO OTHER RAILWAYS.

REFERENCES.

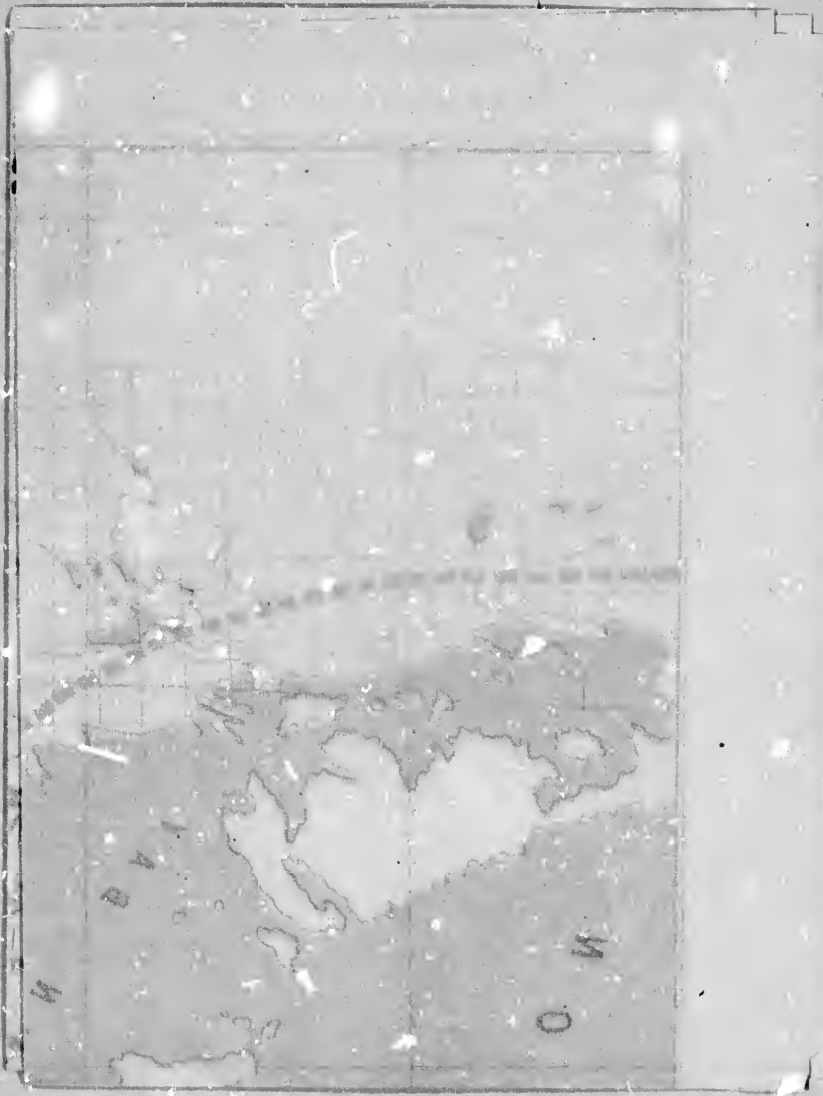
- Montreal, Ottawa, & Western Railway* 
- Connecting Railways* 
- Projected Connecting Railways* 
- Other Railways* 

NEW YORK

LONG ISLAND







THE "TIMES"

AND

CANADIAN RAILWAYS.

The MONTREAL NORTHERN COLONIZATION RAILWAY COMPANY appointed me, in the end of February last, its delegate to England, to effect arrangements for raising a certain amount of the funds required for the completion of its line. After my arrival I was awaiting the report of counsel upon some of the legal features of the project before taking any definite action, when an article appeared in the *Times* of the 29th March, of which the following is a copy:—

"Erie Bonds and Shares on higher prices from New York show an important advance, and Canadian railway quotations were likewise better, notwithstanding the exceedingly unsatisfactory statement of the Great Western of Canada regarding the results of the past half-year, which shows a deficiency of £14,000 in the amount necessary to pay the debenture interest for the past six months. * * * * The advance in Canadian Railways is also difficult to account for, if it be not connected with an attempt to float bonds of a resuscitated railway scheme about which there has been a good deal said of late. The disastrous history of railway enterprise in Canada in the past and the miserable position of most of the existing lines may well make some manipulation of their stock necessary as a preliminary to a new effort at borrowing—an effort which, for the sake of the Dominion as well as of the English investor, we hope will prove entirely abortive."

At the time of the publication of this article, I had been less than two weeks in England. No prospectus of the proposed issue had been prepared; the mode of negotiation had not been decided on; and the matter had not been

brought before the public in any form whatever. And therefore, although it was suggested to me that the Northern Colonization Railway was referred to in the *Times* article, I did not believe it. For the description of "a resuscitated scheme," could not truly be applied to the project. And I did not believe it possible, that the *Times* could be either so ignorant of what was passing in the financial world, as to make an outrageous and ridiculous charge of rigging the market in Canadian stocks, without any foundation for it in fact; or so unjust, as to make it without some such foundation. The news received from Mr. Hickson two days afterwards, indicated with tolerable certainty, the real cause of the increased activity in Grand Trunk and Great Western securities—and it is scarcely necessary to add, that not only had nothing of the kind charged by the *Times* been done,—but that nothing of the kind had ever been thought of.

TIMES, April 1st, 1875.

"A telegram has been received by the Presidents of the Grand Trunk and Great Western Railways of Canada from the General Manager of the former line, Mr. Joseph Hickson, which runs as follows:—

"We have settled all rates and fares on equal terms over the whole field of competition. They go into force at once." This is a very satisfactory step, and likely to improve the position of these properties if fairly carried out. "Competition in a sparsely-peopled country like Canada could do neither railway good locally; for locally, and where the population is thickest, the people, we believe, will not travel by rail at any price, and as against competing lines in the United States, the more thoroughly the Canadian system is welded together the stronger it will be. At the same time, the mere fact that this policy is the first requisite to any solid improvement in the financial position of even the strongest Canadian lines proves how hopeless any further competitive schemes must be—schemes such as the North Shore or the Northern Colonization lines, to which we alluded some days ago. When traffic is so small that the public are safe from extortion after all competitive action has been withdrawn, it is madness to speak of more railways. They would, at all events, prove ruinous to British investors, and cause the name of the Dominion to be in as bad repute as that of Honduras."

This article explains the rise in the stock market mentioned on the 31st March, and it reveals the fact that the Northern Colonization Railway was referred to in that article. But it does not admit the groundlessness of the absurd suggestion, that the Northern Colonization Railway Company had been engaged in manipulating the Grand Trunk and Great Western securities, to

create a demand for their own bonds. If the *Times* had been writing impartially, doubtless such an admission of error would have been made. At that time, however, I was by no means prepared to expect that the Company I represent, was likely to receive partial or invidious treatment from the *Times*: and I believed that it was only necessary to point out the errors which it had published, (as I supposed inadvertently), to have the matter at once set right. I, therefore, wrote a letter to the Editor, which was published in the *Times* of the 3rd instant, in which I only remarked upon the two statements of the *Times*, that the Northern Colonization was a competitive scheme with the Grand Trunk Railway, and that it was a "resuscitated scheme."

The following is a copy of that letter, and its assertions as to the relative positions of the two lines may be verified by the accompanying map:—

"32, Lombard Street, April 1, 1875.

"Sir,—I regret to find, from portions of the Money Articles of the *Times* of this morning and of Monday last, that there exists some misapprehension with respect to the Montreal Northern Colonization Railway; and I venture to ask the insertion of my view of its real position.

"The project which the Company is carrying out is the building of a railway 116 miles long, following the general course of the Ottawa River from Montreal to Hull (which place lies with regard to Ottawa as Lambeth does with regard to London proper), and the extension of this line seven miles farther, to Aymer, that being the foot of the navigation of the Upper Ottawa.*

"The Company has the power to continue its line to Sault St. Marie and to a junction with the Canadian Pacific Railway, but since the promulgation of the scheme of the Dominion Government, any further effort will be confined to the section which may be necessary to obtain a connexion with the lines subsidized by that Government, extending from the Ottawa Valley near Renfrew, to the terminus of the Canadian Pacific Railway, and thence to French River, on Georgian Bay.

"The line of the Grand Trunk Railway follows the general course of the St. Lawrence, and at a distance from Montreal of about 112 miles it reaches Prescott, a point 54 miles from Ottawa city, but connected with it by the Prescott and Ottawa Railway, running at right angles with the Grand Trunk Railway, from the point of junction at Prescott, 56 miles from the Northern Colonization station at Hull. You will perceive, therefore, that practically, the Grand Trunk and Northern Colonization Railways form two sides of an isosceles triangle, with a base 56 miles long, the sides being of nearly the same length—namely, from 112 to 113 miles long. And it is not more correct to speak of them as competing lines than it would be to call two railways competing lines, which run from London to Liverpool, and to Hull, respectively.

"When the lines of railway now partly contracted for and partly subsidized by the Dominion Government, extending from Ottawa City to French River,

* See Appendix A, page 22.

"on Georgian Bay; and any section required to connect with them, are completed: they will virtually be a prolongation of the line of railway of which the Northern Colonization Railway forms a section. And from the terminus of the system at French River, the Grand Trunk Railway and the Northern Colonization Railway with its connexions, will still form two sides of an isosceles triangle, each about 380 miles long, with a base about 180 miles long, following the parallel of longitude down the map.

"I submit, therefore, that the Northern Colonization Railway is not a competitive railway with the Grand Trunk, in the sense in which the phrase is used in the articles in question; and that neither the fact that through travellers between Montreal and Ottawa would take a direct line in preference to one which does not approach within 50 miles of Ottawa; nor the fact that some portion of the traffic of the Western Lakes would probably come over the Government line upon the Montreal Northern Colonization Railway, can be regarded as constituting it a competitive line, in any large or reasonable sense.

"As to the disparagement of the Northern Colonization Railway, implied by describing it in the article of Monday as a resuscitated scheme—I think that the phrase is not correctly applied to it. Since the work was commenced in the autumn of 1873, it has proceeded steadily, with constantly increasing strength, during the working portion of the year—and, with all necessary diligence during the winter. Nearly a million and a half of dollars have been spent upon it in that interval. The work is being vigorously pressed, and I have no reason to doubt that the road will be steeled to Grenville, (half-way), by the 1st of July, and to Aylmer by the 1st of October next, with rolling stock complete.

"I would merely further say that the Northern Colonization Railway is regarded in the Dominion, by impartial persons, as one of the most important and valuable enterprises now being prosecuted there; and it is largely subsidized by the Government of Quebec, by the City of Montreal, and by the municipalities along its line. I will not enter into more details at present, but if you desire to be satisfied as to the correctness of my statements, or as to the soundness of the proposal the Company intends to make with regard to its bonds, I am prepared to furnish you with evidence upon either or both points, and would prefer to do so in the presence of those from whom you have derived the information on which your articles are based.

"Your obedient Servant,

"HUGH ALLAN,

"*President Montreal Colonization Company.*"

So far from dealing with the subject in the impartial spirit I had anticipated, the publication of my letter was prefaced by editorial remarks, in which, although the original charge of rigging the Stock Market, and the subsequent assertions that the Railway was a "competitive scheme," and "a resuscitated scheme," were virtually abandoned; a new series of objections was made.—And these rest entirely on statements of fact so erroneous, that they would have been only ludicrous, if they had not been calculated to produce such serious effects; not only on the Northern Colonization Railway, but on all other Canadian

enterprises, including the Pacific Railway, now fairly commenced by the Government; and on its subsidized extension eastward.

The following is the article which formed the preface to my letter of the 1st instant :—

TIMES, *April 3rd*, 1875.

" We are glad to publish the following letter, because it affords the best evidence we could have got of the nature of the enterprise which we condemned and still condemn, so far as it is offered as an investment to the English public. The Northern Colonization Railway is, as is here admitted, a section of the great scheme involving the construction of the Canadian Pacific, and the 'North Shore Line,' the latter being in direct competition with the Grand Trunk Railway, the past struggles of which ought to prevent enthusiasm. We have, however, no motive to defend that railway from competition; if people think that where one does not pay, two may, we can have no objection. Our purpose is simply to point out to the English public that this renewed effort to get money (it was first heard of in 1872) for those railways ought to meet with no encouragement here. Taking the geographical position as laid down by Sir Hugh Allan, what are the facts warranting the supposition that such a railway as his can hope to be worked with a chance of profit for, say, the next 20 years? it runs between Ottawa and Montreal, the former city being the Dominion Capital, with a population of some 25,000, and as much out of the region of business as Washington. There is already a railway to it through a more populous country, and in direct contact with the system of the United States, where what trade the District has chiefly lies at Prescott, by which the lumber traffic, almost the only carrying trade there is, can be better conducted than it could be by the Northern Colonization by way of Montreal, where the Grand Trunk has a bridge over the St. Lawrence, but where it would have none. There is no business, then, between the two termini worth competing for; but possibly there is some on the route that might be capable of keeping a line alive. We should much like to know where? The country to the north is empty of people; to the south nearly so; and in the south the line has, or will soon have, to compete with the other more direct routes between the political capital and Montreal. Such is the Canadian mania for railway building. It would have to compete in the bulk of its wood-carrying with two rivers, besides the Ottawa, the St. Lawrence, and one existing railway, the Ottawa and Prescott, eastward; while the Canada Central is fully equal to all the trade west and south, and there are no passengers to carry. The 100,000 odd of Montreal have little business in Ottawa or the north, and have abundant accommodation for travelling in any other direction in which they want to go. Let Sir Hugh Allan build his railway by all means, but with Canadian money."

It was impossible to permit the mis-statements contained in this article to pass unanswered. The Northern Colonization Railway Company had issued no prospectus; it had not made public any statement of its situation, its connections, or its expected traffic; and there was nothing before the public giving any information on any subject connected with it, except my letter of the

1st. inst., which was of a limited and negative character. If the particulars of the project had been published, there would at least have been the statements of the Company to be compared with those of the *Times*. The article of April 3rd was therefore not a discussion of any plan or project, conceived or submitted by the Company. In it the *Times* took upon itself to describe the project; and, upon its own description of it, to give it an emphatic condemnation. To have remained silent would have been equivalent to acquiescing in that description, and of necessity in the conclusions of the *Times*. For, if it were true that there is no business, either between the two termini, Montreal and Ottawa, or along its route; if the country north of it is "empty of people, and to the south nearly so"; if "Ottawa is as much out of the region of business as Washington"; if the trade of the Ottawa district "chiefly lies at Prescott"; if the line has, or will soon have, to compete with "the other more direct routes between Ottawa and Montreal"; if it has to "compete in the bulk of its wood-carrying with two rivers, besides the Ottawa, the St. Lawrence, and one existing railway, the Ottawa and Prescott eastward"; I will admit that the *Times* is right in thinking, that the moderate loan which the Company may hereafter ask for on its first mortgage bonds, should not be granted. But if it be the fact, as I proved in my letter in answer to that article, that these statements, and other minor ones equally incorrect, had no foundation whatever; and that so far from being true they were as nearly opposite to the truth as language could make them; I claim that I was entitled to receive from the *Times* either an admission of its error, or the publication of my statement in reply. The following is that statement: and the subsequent article of the *Times*, published on the 6th instant, will shew in what manner it was dealt with.

To the Editor of the TIMES.

Sir,—I am much obliged by the publication of my letter of the first instant, and I am pleased to perceive by the remarks accompanying it, that you do not strongly insist upon the propositions upon which your two former articles rested (passing over the allusion to Honduras for the present).

The gist of those articles was, that the Northern Colonization Railway was a competitive railway with the Grand Trunk Railway; and that it was a

resuscitated scheme, in a disparaging sense. My letter was only directed to the correction of those two errors; and in your article of Saturday you confine the first of these assertions to the North Shore Railway, which is true only in so far as its termini are in Quebec and Montreal; but which does not apply to the tracts of country traversed by the North Shore Railway, no part of which is served by the Grand Trunk Railway. But your article states that I admit that the Northern Colonization Railway is "a section of the great scheme involving the construction of the Canadian Pacific, and the North Shore Line." I must say that I fail to perceive any such admission in my letter, and it would be incorrect if it were there.

The North Shore Railway has nothing to do with the Northern Colonization Railway, either financially or geographically; and is in no way necessary as an outlet for it.

There is no "great scheme," nor any scheme at all, for the construction of these railways as a joint or connected undertaking.

Montreal is virtually the head of ocean navigation, and therefore an independent and sufficient terminus for an internal system of railway communication. And at Montreal, the Northern Colonization will be in the same position with regard to the eastern section of the Grand Trunk Railway, and to the North Shore Railway; except that the terminus of the latter will be more convenient to it than that of the former. Your suggestion therefore of the absurdity of believing that where "one Railway does not pay two may," does not apply directly or indirectly to the Northern Colonization project.

As to the connection of the Northern Colonization with the Canadian Pacific Railway, I cannot see how that, if it existed, would affect the question of competition with the Grand Trunk Railway; and as, by means of it, the Northern Colonization would connect the Canadian Pacific with ocean navigation at Montreal; such an arrangement would affect most favorably the commercial merits of our project, to which the article of Saturday is chiefly confined.

As to the resuscitation of the scheme, the statement that "it was first heard of in 1872" neither supports the assertion, nor contradicts any statement of mine. Railways are not built in a day, and their plans and resources are necessarily discussed, before any attempt is made to utilise them. In point of fact, no effort to get money for this Railway was made or thought of in 1872. It was not till the beginning of 1873; after the Statute of the Quebec Legislature was passed confirming the subscription of a million by Montreal and other municipal subscriptions; that the matter came to be considered; and until now, anything which has been done in that direction, has been merely informal and conversational.

If, however, your remarks had been confined to these two points. I should not have further troubled you, as I think they are sufficiently disposed of by my former letter, and by your indirect withdrawal of your former statements in those respects. But your article of Saturday enters into the commercial prospects of the Railway, upon assumptions of fact so erroneous, that I feel compelled again to request from you an opportunity of correcting them. I am emboldened to do this by my belief, that you are writing of these matters *quasi-judicially*, in the public interest, and neither from partiality to one Company nor hostility to another; and you must pardon me if the task of making these corrections occupies some space, for neither you nor the public would be satisfied with a simple contradiction of them.

You say the Northern Colonization Railway runs to Ottawa "with a population of some 25,000, and as much out of the region of business as Washington." The Railway really runs to Hull as its principal terminus. Ottawa and Hull township had a population of about 30,000 at the last census,

nearly five years ago, which is now probably nearer 40,000. Ottawa is the seat and centre of the enormous lumbering business of the Ottawa valley, with probably the most expensive saw and other wood manufacturing mills and machinery in the world; to the best of my knowledge, certainly the largest in America; and its progress during the last five years, has been greater than that of any other town in the Dominion.

You say, what trade the district has, chiefly lies at "Prescott;" while in fact, as every Canadian knows, Prescott—though one of oldest small towns in Ontario—is little more than a village, with 2,617 inhabitants; and with no business at all except a few retail shops. And it in no sense forms a part of the Ottawa District.

You say, Ottawa "already has a railway through a more populous country." It has in fact two railways within twelve miles of each other, but neither of them is in the direction of Montreal. The Prescott and Ottawa, to which I think you refer, runs about due south, while Montreal lies about due east from Ottawa. The other railway is a little further westward. The population through which the Northern Colonization Railway runs, and which will be exclusively served by it, amounts by the last census to 121,753 or 888 persons to the mile. For the last 60 miles its course is along the front line of this population, and within the breadth of the Ottawa river of the counties of Prescott and Russell, which are not served by any railway towards the eastward. Adding a fair proportion of these, and excluding the populations of Ottawa and Montreal, the proportion would exceed 1,000 persons per mile.

If the population of the termini be added, the proportion would be above 2,000 persons per mile.

The entire population by the same census through which the Prescott and Ottawa Railway passes, including Prescott, is 48,466, or about 897 persons to the mile. And the two largest of the three counties whose population is included in this estimate, is also traversed by the other railway to which I have referred, running in the same general direction, and having the same terminus at Ottawa.

Thus, it is the Northern Colonization which runs through the most populous country, and not the Prescott and Ottawa; and, unlike the Prescott and Ottawa, it has the monopoly of the railway traffic of the country it traverses, and between its termini.*

You say the traffic from Ottawa can be better conducted from Prescott, than by way of Montreal, where the Northern Colonization has no bridge. One would suppose from this, either that the St. Lawrence does not exist at Prescott, or that there is a railway bridge there; especially as you say the Prescott and Ottawa is in direct contact with the American system. On the contrary, the Prescott and Ottawa has no bridge, and its traffic crosses the St. Lawrence by a ferry. But in any case the Northern Colonization, which runs eastward, could not pretend to carry traffic which is intended to go south from Ottawa; any more than one would suppose the Prescott and Ottawa, which runs direct south, could pretend to carry freight and passengers going direct east.

You say there is no business between the two termini "worth competing for," and that there are "no passengers to carry."—How is it then that a company running two large steamers a day both ways, between Montreal and Ottawa, with 13 miles of railway connecting them, practically for *passenger traffic alone*; has for years paid dividends among the largest in the Dominion, though they occupy twelve hours in the transit? While passengers reach Ottawa from Montreal via the Prescott and Ottawa Railway in an average of

* See Appendix B, page 23.

wa is the
wa valley,
ring mills
tainly the
has been

" while in
all towns
nd with no
s a part of

populous
uch other,
escott and
Montreal
e further
n Railway
st census
course is
e Ottawa
nd by any
hese, and
on would

l be above

e Prescott
about 897
ies whose
er railway
nd having

t populous
escott and
traverses,

Prescott,
no bridge.
ot exist at
ou say the
t. On the
crosses the
on, which
ded to go
escott and
passengers

competing
men that a
ntreal and
passenger
Dominion,
gers reach
verage of

nine hours, and, therefore, to some extent adopt that route, the Montreal Northern Colonization Railway will easily run express trains through in four hours, and the increased facility will beget increased traffic. Besides this, there is the enormous freight traffic both ways, engendered by the Ottawa trade, comprising supplies of all kinds for the thousands of square miles of lumbering area in the Ottawa region, of which Ottawa is the centre; and increasing quantities of sawed lumber for export from Montreal to the West Indies, South America, and elsewhere. The manufacture of deals is diminishing, but that of the lighter qualities of sawed lumber is increasing, and a foreign trade is rapidly growing up. 36,000,000 feet were exported from Montreal in 1872 against 16,000,000 in 1871. This traffic requires no bridge, though the Grand Trunk has no monopoly of the Victoria Bridge; and if it had, being now of the same gauge, would, doubtless, gladly forward our freight cars over its line.

The lumber manufactured in Ottawa, in 1871, amounted to 198,000,000 feet. That manufactured along the line of the Northern Colonization Railway in the same year, amounted to 105,000,000 feet.* The logs from which this lumber is manufactured, are collected from the enormous area drained by the Ottawa and its tributaries, mainly to the northward; and of all the trade thus created north and west of Ottawa, that city is the main-spring and centre. Moreover, large quantities of square timber are manufactured in the same region.

The total tonnage of freight passing through the Ottawa canals in the year ending 30th June, 1874, was 548,767 tons.

The first sixty miles of the Railway from Montreal, traverses the most thickly settled and prosperous part of Lower Canada, from which the supplies of farm produce, and from the rear of which the supplies of wood for the Montreal markets are almost exclusively drawn. The mineral wealth of the north bank of the Ottawa is well known, and is now being utilised as respects plumbago and iron. As timber disappears, agriculture takes its place, the Gatiueau being now settled in that manner for upwards of 100 miles to the north of Ottawa city.

Is there any line in Canada, or *any section* of similar length of either of the great Canadian Railways, that can show such a combination of the elements of traffic as this line affords? † I say, emphatically, that there is not. And when the time comes, I shall be prepared to establish what I claim for it, to the satisfaction of any one who will judge of the subject impartially, whatever prejudices may have been created in his mind by imperfect information, or by misrepresentation of the facts.

You will observe, however, that I have only referred in this discussion to the local traffic of the Railway, because I felt I had no right to do more than correct the erroneous statements in the article, which statements only refer to the local traffic. What can be said of the advantages to be derived from the connection of the Northern Colonization with the Pacific Railway, and the subsidized portion of the Canada Central is obvious enough; but as this subject is not mentioned in the article, I shall leave that part of the matter to the judgment of the public, and for future development.

The other portions of the article require but little reply. A momentary reference to the map, is nearly of itself sufficient for that purpose.

You say that our railway will have to compete, in the bulk of its wood-carrying, with "two rivers, besides the Ottawa, the St. Lawrence, and one existing railway, the Ottawa and Prescott eastward." I do not understand

* Later returns make the quantity of lumber sawn last year at Ottawa and along the line of railway between Aylmer and Grenville, six hundred and forty million feet B.M.

† See Appendix C, page 24.

what rivers you refer to. There is no river in Canada running eastward from Ottawa, except the Ottawa river, and therefore no river that carries wood eastward except that river. The St. Lawrence does not approach within 54 miles of Ottawa, therefore does not carry one square foot of lumber eastward from Ottawa, except in so far as the Ottawa river traffic passes along a portion of the St. Lawrence, from the point where the Ottawa enters the St. Lawrence, alongside of the island of Montreal. The mention of the other two rivers must, I think, be a misprint; as it is impossible that any one could intend to say that there are any such rivers carrying freight eastward between Ottawa and Montreal. The attempt to make the Ottawa and Prescott road, an eastern lumber-carrying railway; in contradistinction to what you call the Canada Central, can be settled also by a glance at the map. As I have more than once said, the Prescott and Ottawa runs directly south: it debouches upon the St. Lawrence at about the same distance from Montreal as it leaves Ottawa; and its southern terminus is within 12 miles of the Canada Central terminus, or rather that of the Brockville and Ottawa, which is the outlet of the Canada Central. Yet, in your article the Canada Central is represented as carrying freight, south and west, and the Prescott and Ottawa as carrying it east!

You say that the line has, or will soon have to compete with "the other more direct routes between the political capital and Montreal." I should greatly like to know which these are, or how there can be a more direct route than that of the Northern Colonization. Few railways are mathematically straight. They must follow the route which affords the best points for crossing rivers, the easiest grades, &c.; and the Northern Colonization Line is as nearly straight as convenience of construction will permit. Again, a glance at the map will settle this question. One railway company was incorporated about twenty years ago, to build a line from Vandreuil, on the Grand Trunk Railway, to Ottawa, by the south bank of the Ottawa river. Not a dollar, as far as the public know, has ever been subscribed for or given to it; nor has a spade been put in the ground upon it during all those years. And to show the popular disbelief in its being constructed, a Company has been formed in the county of Prescott, to build a railway from the Caledonian Springs—which is an important point on its route—to the bank of the Ottawa, for the purpose of connecting by the river with the Northern Colonization Railway on the opposite bank. And, though I have not the exact measurement of its intended length, the map shows that if it should hereafter be located, it is as likely to prove to be a few hundred or thousand yards longer as shorter than the Northern Colonization.

Another railway was chartered about the same time as the Northern Colonization, from Coteau Landing, a point on the Grand Trunk about 18 or 20 miles above Vandreuil, to Ottawa; and this railway sought a subsidy from Montreal at the same time with the Northern Colonization. That subsidy was refused, and although a construction contract was executed, very little has been since done upon it, and, as I believe, nothing at all for about a year and a-half.—But neither is this railway appreciably shorter than the Northern Colonization Railway, as you may see by the map. So that if either or both of these roads should hereafter be built, still the Northern Colonization would, at least, not have to compete with more direct lines than its own.

But how are they to be built? They would not have the advantages of way traffic that are to be found among the large manufactories, and more populous settlements, on the north side of the Ottawa. And, besides, they would be direct competitive roads with the Northern Colonization Railway, which I believe will be prosperously carrying freight and passengers between Montreal and Ottawa before the snow again falls. They cannot be built with Canadian money; for they have not got, and cannot get, even what our road

has
coun
latio
space
of ex
that
in th
I
Nort
again
urge
Engl
it pu
that
failu
Trun
was
and
some
a lar
labou
capit
T
the p
main
Gran
a tota
than
And
fact,
to \$6
O
that
I
I sha
prov
which
hope
entir
so m
Nort
state
reco
32, I
"
" Ra
" All
" ela
" the

has got, namely, about two-fifths of the cost in Canadian money, without counting its land grant.—And without destroying trade; removing population; creating rivers; changing the points of the compass; and annihilating space; they could be shown to be only contending in the main, for a division of existing traffic with the Northern Colonization Railway. And surely, if that railway does not pay, English people will not furnish them with money in the ridiculous belief, “that where one does not pay, two may!”

In fact there is no argument based upon the actual position of the Northern Colonization Railway, which can be made to bear, even plausibly, against its success as a commercial undertaking. That which can be truly urged, is only the want of success of the larger railways which have received English aid; and that objection also I shall be prepared to meet when it presents itself. This much, however, I will take leave to say here, that the present failure or success of those railways, is no criterion of the failure or success of the Northern Colonization. For instance, the Grand Trunk Railway was built many years ago, when the trade of the Dominion was comparatively small. It has been in great part virtually reconstructed, and maintained during all these years, at heavy cost, and loss; and is now, to some, if not to a great extent, an old railway, expensive to maintain, and with a large section of it earning nothing, if not a source of loss. And while it labours under these disadvantages, it represents a total cost in bond and share capital of something like £28,000 sterling per mile.

The Northern Colonization will commence its operations in the full tide of the prosperity of the Dominion; new, and therefore for some time cheaply maintainable; with at least all the modern improvements now reached by the Grand Trunk, including, of course, steel rails and iron bridges. It will represent a total share and bond capital of less than £8,500 sterling per mile, or less than one-third of the present cost per mile of the Grand Trunk Railway. And the extent of the difference in business may be further gathered from the fact, that the export and import trade of Upper and Lower Canada amounted to \$63,518,515 in 1854, and \$80,614,951 in 1864, as against \$172,451,981 in 1874.

On these grounds alone, and without any reference to others, it is plain that such a test would be unfair to a more modern and less costly railway.

I must apologise for taking up so much of your valuable space, and hope I shall not be considered to have exceeded the bounds which an Englishman's proverbial love of fair play would allow me. It is true that the paragraph which it is intended to answer is not long; but you will pardon me, and I hope acquit me of charging you with any intentional injustice, which I entirely disclaim, if I say; that no ingenuity could have collected together in so many lines, more erroneous impressions respecting and affecting the Northern Colonization Railway, than are contained in that paragraph; and my statements in correction of them are taken, in the main, from the official records of the Dominion.

Your obedient Servant,

HUGH ALLAN,

President Northern Colonization Railway Company.

32, LOMBARD STREET,

5th April, 1875.

TIMES, April 6th, 1875.

“Several further letters have reached us bearing upon the Canadian Railway question, and among the rest one of very great length by Sir Hugh Allan, which goes over again minutely the whole position, forming a most elaborate prospectus of the scheme. We regret that we cannot publish these letters nor any of them, not merely because they are long, but because

" the subject has been already sufficiently dealt with. No amount of argument
 " can, we should hope, lead sensible people in this country to put more money
 " into railway projects in the Canadian Dominion, for not only is there no
 " traffic for such railways, but, supposing there were, their owners are exposed
 " to the constant danger that the Dominion Parliament may grant a subsidy
 " for a competitive railway to run half a mile off. In this way the Canada
 " Southern has been built, to the ruin of the proprietors of the Canada Great
 " Western. If the belief in the value of schemes such as we have criticised is
 " so profound among Canadians as we are told, we say again let them find the
 " money at home. Millions enough have been presented to the Dominion
 " already by this country."

This article rendered it impossible to continue to believe that the *Times* was, or intended to be, impartial in its treatment of the Montreal Northern Colonization project. My letter may have been too long, but that was not a sufficient reason for ignoring its contents. The controversy was in no respect begun, or even provoked by the Company, which, as I have previously stated was not before the public in any way whatever. The *Times* commenced a series of attacks upon it, in each article changing its ground, but making its objections range from a charge of rigging the market, to an entire absence of business for the railway. And it based those objections upon new and wonderful views of the distribution of Canadian rivers, territory, and population. I undertook to shew, and I contend I did shew, in my letter of the 5th instant, that these views were the reverse of correct. And if I am right in believing that I proved that point, I consider that in fairness I was entitled to have an admission of error put on record; even if the process by which it was established was refused publication. If the *Times* attempts to inform the public upon any matter, it impliedly undertakes to endeavour to do so correctly; or at least with good faith. When it publishes, merely as communications, ridiculous stories about horses in Canada freezing to death, while they are taking breath as they are ascending a hill, and the like,—as it did on the 10th inst.; it cannot be held responsible for the correctness of such absurdities; though one may doubt the judiciousness of their selection, even as padding. But when it makes statements editorially, equally absurd, and equally incorrect in point of fact; I think everyone injured by them has a right to demand their correction. And a newspaper which makes such statements, is fairly open to

charges of injustice and partiality, if not of actual bad faith; if it refuses to acknowledge its error, or at least to allow the complaint of the injured party to be heard.

If any sufficient reason appeared for the refusal to publish my letter, of course I should have had no just ground of complaint; but I maintain, not only that there was no sufficient reason, but that the reasons given by the *Times* are an aggravation of the injury, and are as disingenuous as the articles themselves. My letter is not a "most elaborate prospectus of the scheme," nor a prospectus at all. It gives no particulars of the sum the Company may desire to borrow, of the rate of interest it will propose to pay, or of any other detail of any loan it may intend to ask for. It speaks of no subject in connection with the project, except such as had been previously wrongfully dealt with by the *Times* articles. What kind of logic, or common sense, or common fairness, is there, in a journalist assailing a project before it has been communicated to the public; denying *seriatim* its possession of each of the qualities that would entitle it to the consideration of the public; and having thus forced its friends into the arena, refusing to publish their proofs that it did possess those qualities, on the ground that those proofs constituted a prospectus?

But this is not, according to the *Times*, its final and decisive reason, for not publishing the refutation of its statements. The main reason is, that the "subject has already been sufficiently dealt with." I fail to perceive where it is dealt with at all, in the modern acceptation of that phrase. It is the rules of "Jeddart justice" by which it has been "dealt with" in this article, and they are not in accordance with nineteenth century ideas upon such matters. The mode which the *Times* adopts in the article, is to heap upon it a series of depreciating assertions, every one of which that is material, is grossly incorrect; then to refuse to receive a contradiction of them, on the ground that by simply stating the charges, the enterprise was "sufficiently dealt with:"—and then to condemn it without a hearing.

Even if the *Times* was not disposed to publish my letter,

it might at least have acknowledged its errors in geography, when pointed out on the map. But the only allusion it makes to its former statements, is the reiteration of the assertion that there is no traffic for railways in the Dominion. In another place it had stated that where population is thickest, the Canadian people do not travel by railway; but this seemed so trifling and absurd, that I did not think it worthy of any notice. Now I would ask, if Canadians never travel by railway, where do the means come from by which Canadian railways pay the interest on their indebtedness? Perhaps the *Times* thinks there are no railways in Canada except the Grand Trunk and the Great Western! I see the bonds of some Canadian Railways quoted at moderately fair prices on the stock lists, which doubtless would rank still higher, if in certain influential quarters, Canada were not systematically decried. And, moreover, the returns of the Grand Trunk Railway show that even that Railway earns a sufficient nett revenue to pay interest on a larger debt per mile than the Northern Colonization Railway proposes to create. Although its averages of population, and of traffic, will not equal those of the Northern Colonization.* But really such statements as those of the *Times* as to the indisposition of the Canadian people to travel by Railway, are too absurd and puerile, to receive any serious or extended notice.

But the *Times* has another reason for condemning every new Canadian railway, and for refusing to be corrected as to its geography and its statistics. And this reason is a fair specimen of the spirit with which Canadian enterprises are "dealt with" by the *Times*. The article of the 6th instant goes on to say, that, supposing there were any traffic for railways in Canada, "their owners are exposed "to the constant danger that the Dominion Parliament "may grant a subsidy for a competitive railway to run half "a mile off. In this way the Canada Southern has been "built, to the ruin of the proprietors of the Canada Great "Western." Here is a grave charge against the Government

* See Appendix D, page 25.

of a dependency—certainly of some importance—of reckless disregard of private interests, and equally reckless and useless expenditure of public money. One would have supposed that such a charge could not be made; not merely by a paper like the *Times*, but by the most insignificant Transatlantic sheet; without some enquiry, some investigation of the facts, and some at least apparent foundation for it. Yet, in this statement, ignorance of locality and of facts, are alike conspicuous. The geographical part of the assertion I leave again to maps. The financial one is best disposed of in the language of a familiar book of reference, as easily accessible here as in Canada, viz., Tackaberry's Atlas of the Dominion, from which the following is quoted:—

“FINANCIAL—Much financiering ability has been displayed “in raising the necessary funds for the construction of the “road (Canada Southern), as it has no land grant or other “subsidy either from the Government of Canada or of “Ontario.”

Moreover, as Mr. Jenkins afterwards proved, it was the Great Western which could with most propriety be accused of factious rivalry; since the charter of the Canada Southern was granted *before* the charter of the line upon which the nearest competing track of the Great Western was built.

Mr. Potter afterwards abandoned the charge against the Government of subsidizing the road, but insisted that it was aided by local municipalities, characterizing it as a “subsidized” road, &c. But a reference to the authority just quoted will show, that the entire aid granted to it by municipalities amounted to only £80,000, which may certainly be called a subsidy, but is not of sufficient importance to justify the description of a “subsidized Railway” to be applied to a Railway with a capital of £3,500,000. Like many others of the statements made in depreciation of Canadian Railways, such a description is deceptive to the last degree, without being absolutely and literally untrue.

As, therefore, I find that the enterprise in which I have

interested myself cannot make itself heard through the same medium which conveyed its condemnation to the public; I have so much confidence in the fairness of the British people, that I am now taking the best means in my power to place the facts before it: though I am aware that they will not reach thousands of persons, who will remain convinced of the correctness of the information of the *Times*, and of its disinterested patriotism in warning the public against unsafe investments.

I shall accompany this statement with a few facts and figures, taken mainly from official documents, which will shew that I am endeavouring to discuss this matter fairly. In some respects they are not as full as I would wish, as I have not all the references at my disposal, that I could have obtained in Canada. And if the Company should decide upon offering a loan upon the English market, there will doubtless be a prospectus prepared, and published, which will set forth its claims to notice. If the English market is resorted to, it is simply because in this old and wealthy country, money is cheaper than with us; and it is intended to pay what, according to English ideas, is a liberal return for it. The Company does not expect favor for its loan on sentimental grounds; nor assuredly did it expect opposition to it, from such a sentiment of hostility to the country, as appears to animate the *Times*. Any motive for such a feeling certainly seems undiscoverable; and the conduct of that paper may perhaps be accounted for by supposing, that some interested, prejudiced, or unprincipled person, has abused the confidence of the writer of the articles.

Be that as it may, however, both as being interested in the railway now under discussion, and as a citizen of Canada, I protest against the conduct of the *Times*. I protest against its unfounded statements respecting the Northern Colonization Railway: against the tone and attitude it assumes with regard to other Canadian enterprises; and against the implied proposition which runs through its effusions, that no Canadian project is entitled to a hearing in the English money market, until the Grand Trunk Railway is a commercial success. And I merely ask from those who

may receive this *brochure*, a dispassionate consideration of the statements of the *Times*: and a comparison of those statements with the geographical features of the country apparent on any map, and with the facts and official statistics, applicable to the various matters referred to in this controversy.

HUGH ALLAN,

President Montreal, Ottawa & Western Railway Co.

London : 32, Lombard Street.

APPENDIX A.

Extract from Tackaberry's "Atlas of the Dominion," showing the connection of the Northern Colonization Railway, at its terminus at Aylmer, with the steamers on the

"UPPER OTTAWA."

"The Union Forwarding and Railway Company was incorporated in 1859. * * * *

"Omnibusses leave Ottawa City Hotel every morning during the week for Aylmer, distant 8 miles, * * * * to meet the Company's steamers, one of which leaves Aylmer daily at 8:30 a.m.

"These steamers are all first-class passenger steamers, replete with every modern convenience, * * * * viz.:

" Anne Sisson	Captain Findlay.
" Oregon	" Cowley.
" Alliance	" Murphy.
" Jason Gould	" Bolton.
" Pontiac	" Blondia.
" Emerald.....	" Couvrette.
" Pembroke	" Duggan.
" Snow Bird.....	" Beattie.

"Pembroke is reached at 9.30 p.m. * * * * whence steamers leave daily at 7 a.m., for points further up the river."

APPENDIX B.

COMPARATIVE STATEMENT.

Statement of population served by the NORTHERN COLONIZATION RAILWAY, as shewn by the census of 1871:—

1st.	Montreal City (as against 90,323 in 1861)...	107,225	
	Ottawa City (as against 14,669 in 1861) ..	21,545	
		<hr/>	128,770
2nd.	Counties traversed by the Railway:—		
	Hochelagn	25,640	
	Laval	9,472	
	Terrebonne	19,591	
	Two Mountains	15,615	
	Argenteuil	12,806	
	Ottawa County (as against 27,757 in 1861)...	38,629	
		<hr/>	121,953
3rd.	Counties fronting on the Ottawa River served by the Railway:—		
	Prescott	17,647	
	Russell	18,344	
		<hr/>	35,991
	Total population		<hr/> 286,714 <hr/>

Statement of population in the Counties traversed by the PRESCOTT AND OTTAWA RAILWAY:—

Grenville	13,197
Leeds and Grenville.....	13,530
Carleton.....	21,739
Ottawa City	21,545
	<hr/>
Total population	<hr/> 70,011 <hr/>

The Counties of Leeds and Grenville and Carleton are also traversed by the Brockville and Ottawa Railway.

Total population per mile, Northern Colonization Railway, 2,096 persons.

Total population per mile, Prescott and Ottawa Railway... 1,296 „

APPENDIX C.

Comparative statement of population served by the Grand Trunk Railway from Montreal westward and from Quebec eastward, for lengths of line similar to that of the Northern Colonization Railway:—

GRAND TRUNK RAILWAY,

For about 154 miles, taken as being served by 144 miles of Railway.

Montreal	107,225
Hochelaga	25,640
Jacques Cartier	11,179
Soulanges	10,808
Glengarry	20,524
Cornwall	7,114
Stormont	11,873
Dundas	18,777
Grenville	13,197
Brockville	10,475
Leeds	20,716

Total population..... 257,528

Total population per mile: Montreal to Lansdowne, taken as served by 144 miles in length of GRAND TRUNK RAILWAY

1788

The same Railway, from Quebec, Eastward, 136 miles; taken as served by 126 miles of Railway—Quebec to Riviere du Loup.

Quebec	59,699
Levis	11,810
Levis	13,021
Bellechasse	12,117
Montmagny	13,555
Half of Temiscouata	11,246

Total population 121,448

Total population per mile Eastward from Quebec of GRAND TRUNK RAILWAY

964

NORTHERN COLONIZATION RAILWAY.

Total population per mile, Montreal to Aylmer, including branch line to St. Jerome, on the NORTHERN COLONIZATION RAILWAY.....

2,096

inc
 En
 stit
 S
 tion
 and
 for
 per
 T
 repo
 new
 Equ

APPENDIX D.

Statement from Grand Trunk Railway Report, 30th December, 1874, shewing net revenue for the last year, and rate of earnings per mile for the year:—

	£	s.	d.
Net revenue for the year ending December 31st, 1874, after deduction of ordinary working expenses (See Grand Trunk Reports).....	£434,329	0	0
Ditto, ditto, amount charged as renewals in same Reports	200,279	0	0
Total net revenue..	<u>£634,608</u>	<u>0</u>	<u>0</u>

Total length of Grand Trunk Railway, including leased lines, 1,383 miles.

Net revenue per mile for the year, about £459 0 0
 Equal to interest at 5 per cent. per annum on £9,180 per mile.

The extreme amount of Bond debt which the Northern Colonization Railway Company is authorized to create, is £5,630 per mile, on which earnings at the rate of the Grand Trunk Railway, would pay 8½ per cent.

It is assumed that the amount above charged as renewals, should be included in the net revenue in this calculation, because it appears by the Engineer's Report, that it was applied mainly towards the cost of substituting steel rails and iron bridges for iron rails and wooden bridges.

Such expenditures will never be required by the Northern Colonization Road, as it is built in the first instance with all these improvements; and an average of 79 per cent. of gross revenue, such as is deducted for the year, will be sufficient to cover all current expenses. In fact, 60 per cent. will be an ample allowance for that purpose for several years.

The above amount of net revenue, as stated by the report, without adding the amount expended on renewals, would amount to, per mile £314 0 0
 Equal to 5 per cent. on a capital of £6,280 per mile.

The balance assumed as net revenue in the report was applied as follows:—

To Postal Bondholders	£32,877	0	0
„ Interest on lands	3,611	8	7
„ Interest on hired cars	10,006	17	0
„ Mortgages, temporary Loans, Bankers' Balances, &c., &c.	14,826	0	4
„ On B. A. Land Company's Debentures...	1,233	0	0
„ On Seminary Debentures	1,232	17	6
„ On Island Pond Debentures.....	5,400	0	0
„ Half-yearly Instalment on Portland Sinking Fund	5,136	19	8
„ Atlantic and St. Lawrence Lease in full	101,157	4	1
„ Lewiston and Auburn Railway Rent	1,541	1	11
„ Detroit Line Lease in full	22,500	0	0
„ Montreal and Champlain Bond Interest ...	24,162	3	10
„ Buffalo and Lake Huron rent	65,500	0	0
„ 1st Equipment Bond Interest	30,000	0	0
„ 2nd " " "	30,000	0	0
„ 5 per cent. Perpetual Debenture Stock ...			
„ Balance carried to Dividend Account	81,633	16	1
	<u>£434,329</u>	<u>0</u>	<u>0</u>

th
an
R
th
ha
G
pa
sa
an
in

rai

APPENDIX E.

MONTREAL, OTTAWA AND WESTERN RAILWAY.

DESCRIPTION OF LINE.

The Montreal, Ottawa and Western Railway is the only projected Railway forming a direct and independent connection between the Cities of Montreal and Ottawa.

Its total length is as follows:—

Montreal to Hull (opposite Ottawa) Main Line	...	116 miles.
Hull to Aylmer do.	do.	7 "
St. Therese to St. Jerome, Branch Line	...	13 $\frac{3}{4}$ "
Total length of Railway	<u>136$\frac{3}{4}$ miles.</u>

CANADIAN CAPITAL.

1. Stock Subscriptions	£300,000	0	0
2. Bonus	5,000	0	0
3. Aid in Cash from the Government of the Province of Quebec	161,000	0	0

LAND GRANT.

The Government of the Province of Quebec originally granted to this Company, and to the North Shore Railway Company, blocks A, B, C, and D, amounting in all to 10,000 acres of land to the mile of Railway. But on these Companies causing these lands to be explored, the tracts B, C, and D, were not found to be as heavily timbered as had been represented. On complaint being made to this effect, the Government commuted these tracts for a cash consideration; the Companies interested retaining the lands comprised in block A, which fully satisfied their expectations. This Company's share in this tract amounts to 686,525 acres, a particular description of which will be found in Appendix F, page 31.

BOND DEBT.

The extreme limit of first Mortgage Bonds, mortgaging the lands, railway, &c., &c., is fixed by statute at £770,000, or £5,630 per mile.

COST OF CONSTRUCTION.

Original contract price, with Iron Rails and Wooden Bridges	£869,660	0	0
Extra cost of Steel Rails and Iron Bridges ...	87,662	0	0
<hr/>			
Cost of construction, including extra cost of Steel Rails and Iron Bridges of 50 feet span and upwards	£957,322	0	0
<hr/> <hr/>			

Passenger Traffic.

The population directly served by the Railway, numbers 286,714. The estimated receipts from Passenger Traffic at \$1.50 per head, will give a revenue of£86,000 0 0

General Freight.

100,000 Tons at \$1.20 24,000 0 0

Lumber.

100,000,000 Feet B. M. at \$2.00 per 1,000..... 40,000 0 0

Fire Wood.

150,000 Cords at \$2.00 per Cord	60,000	0	0
Mails and Sundries	4,000	0	0
	<hr/>		
	£214,000	0	0
	<hr/> <hr/>		

Assuming the above Estimate of Traffic of £214,000 to be correct; and that 65 per cent., which is a liberal allowance, will cover operating expenses, the net profit will amount to £75,000 or very nearly 10 per cent. on the Bond debt, without taking the land grant into consideration.

The above calculation is based on a careful consideration of the different sources of traffic—the very large tonnage of freight—and the denser population of the section of the country traversed by the Montreal, Ottawa, and Western Railway, as compared with other portions of the Dominion. And due regard has also been given to the proportion of the traffic that will probably be carried by water.

As the population, manufactures, and natural products of a country, constitute the sources of traffic for railways; and, as the manufactures and natural products in different parts of the country, bear about the same relative proportion to the population; it follows that the proportion of the actual Traffic of existing Railways to the population, is a safe basis of calculation upon which to estimate the traffic of similar proposed Railways.

The following calculations are based on reliable general data, and afford proof that the above estimate of traffic is not in excess of what may be expected :—

First.

ESTIMATE of Traffic of the proposed road, based on the average receipts per head of population in 1871, of all the Railways in the Dominion, according to the returns furnished to the Government.

The average receipts from Passenger Traffic, per head of population, were \$1.27 ; applying this to the population served by the line of proposed Railway, viz., 286,714, the result is £73,000 0 0

The average receipts from Freight, per head, were \$2.73, making the revenue of the proposed Road from that source equal to 156,546 0 0

The average receipts from Mails and Sundries, per head, were \$0.14, making the revenue of the proposed Road from this source equal to 8,026 0 0

This process would give a result as the total Traffic of this Railway of..... £237,572 0 0

Second.

ESTIMATE of Earnings, based on the average mileage traffic of the more important Railways in the Dominion.

The average Receipts of these Railways per mile per annum, were £1,366 in 1872.

This sum, applied to the mileage of the Montreal Northern Colonization Railway, will give a gross revenue of £187,142.

But it will be recollected that the population and traffic per mile of the Northern Colonization Railway, is greater than that of any railway in the Dominion.

Third.

ESTIMATE based on the population along the proposed Line of Railway, as compared with the population along the existing Railways in Quebec and Ontario, above referred to.

As the fairest mode of making the comparison, the calculations are based on the population in the divisions used in taking the last Census, through any portion of which the Railways run.

The population in the Census Divisions along the Lines of Railway above referred to, averages 1,204 persons per mile of Railway, and the population per mile along the Line of the proposed Railway amounts to 1,833 persons per mile of Railway.

The average Receipts of all these Railways amounted to \$5.66 per head per annum ; which rate, applied to the population per mile of the proposed Railway, will give a gross Revenue of £207,486 per annum.

Fourth.

ESTIMATE based on the Revenue earned by the Northern Railway of Canada in 1872, viz., £171,591 or £1,806 per mile. Applying this to the mileage of the Montreal, Ottawa and Western Railway, will give a result of £247,018 as the annual earnings of that Road.

AVERAGE.

The average of these estimates, made from entirely different data, is as follows:—

1.—Estimate based on receipts per head of the principal Railways in the Dominion	£237,572	0	0
2.—Ditto ditto on mileage traffic	187,142	0	0
3.—Ditto ditto on traffic of Quebec and Ontario Railways	207,486	0	0
4.—Ditto ditto on Revenue earned by Northern Railway of Canada	247,018	0	0
Total revenue by four methods	£879,218	0	0
Average of the four methods of proof, say...	219,804	0	0

o
C
c
m
st
th
w
bl
an

O
G

" r
" i
" e
" C

"
" o
" m
" w
"

" m
" ca
" na
" re
" Te

(F
exten
the m
Offici

APPENDIX F.

Extracts from Official Reports, and other documents, showing the value of the Land Grant comprised in Block A.

DESCRIPTION OF TRACT.

Block A contains 1,827,400 acres, or about 2,855 square miles of land, of which 686,525 or about 932 square miles, is granted to the Northern Colonization Railway. It is traversed by the Ottawa River and by chains of small lakes, or expansions of streams, emptying into it in such a manner as to afford great facilities for transporting timber; including stretches of navigable water, in all 86 miles long, within the block. And the 70 miles of unbroken navigation of Lake Temiscamingue reaches within $8\frac{1}{2}$ miles of broken water, of the navigable waters within the block. The Ottawa River has been surveyed for 200 miles above Block A, and is reported to extend 150 miles further.

(Condensed from Report of A. J. Russell, Official Manager of Crown Timber Agency, Ottawa, made by express permission of the Government.)

“ Within the Block, its waters present very great facilities for the movement of supplies into it, from the manner in which they intersect it in different directions. It is easily practicable, and has long been the established route of communication used by the Hudson’s Bay Company.

Mr. Russell’s same Report.—

“ I hold the adjacent lands to Block A. I have manufactured timber on these lands during the last two winters, and brought it to this market. It arrived here (Quebec), about the middle of July, and was about ten weeks coming from the place of manufacture.

“ Although this place is upwards of 300 miles from Ottawa City, it is more accessible than a great deal of lands not so remote, and lumber can be brought to market quicker and at less cost. The Ottawa is navigable for steamers for its whole length, excepting in the broken reaches, and steamers are now upon its waters almost to Lake Temiscamingue.”

(Published Letter from Mr. John Roche, Quebec, “one of our most extensive lumber merchants, possessing an experience of many years, and the most implicit confidence to be placed on the statements of his letter.” Official certificate of Mr. P. Garneau, Mayor of Quebec.)

QUALITY OF LAND AND TIMBER.

The Commissioner of Crown Lands for the Province of Quebec, in his Official Report to the Legislature to 30th June, 1872, describes Block A as "comprising the best wooded and most accessible part of the territory watered by the Ottawa above Temiscamingue." And he adds that the bonuses received by the department for the license of timber limits in the neighbourhood of Block A "are about the highest received" in that province.—*Report of Commissioner of Crown Lands, to 30th June, 1872.*

"As far as has been seen by explorers, this Block seems to contain on an average as great a proportion of arable land as is commonly found in the Upper Ottawa Country. * * *

"In speaking of the value of the land fit for cultivation, it is to be remarked that it would be quite a mistake to suppose that it is in a locality where settlement is not likely to take place, owing to its remoteness, or from inferiority of the climate, owing to the northerly latitude. On the contrary, the country around the head of Lake Temiscamingue is the most likely place on the Upper Ottawa, above the flourishing town of Pembroke, for the site of extensive settlements, because by far the greatest extent of continuous good land is to be found there, and much of it, the richest land known in Canada. Some of the best of this adjoins this Block. * * * As for the climate, it is as good as that of Sorel or Three Rivers, though in the latitude of Kamouraska, for the climate of Fort Temiscamingue, though in the latitude of Isle aux Coudres, closely resembles that of Montreal; the mean heat of summer at Fort Temiscamingue being $65^{\circ} 20'$, while that of Montreal is $65^{\circ} 55'$; and that of the whole year being, at the former $39^{\circ} 49'$, and of the latter $42^{\circ} 6'$. * * *

"My approximate estimate of the present value of the Block is \$4,229,606.00." But he adds that the value of this Block may be more correctly estimated by making a certain addition, which "addition will increase the total value to \$5,228,965.00."

"To exhibit approximately the rapid increase of the Ottawa lumber trade, I may state, that the revenue from my Agency is rapidly increasing. It was but little over \$200,000 annually ten years ago, while last year it amounted to \$565,007, as dues accrued on square timber and saw logs cut on Crown land, ground rents, and bonus on timber licenses."—*Report of Mr. Russell, Ottawa Crown Timber Agent, 15th November, 1872.*

At the above estimate the lands belonging to the Company, in Block A, represented in 1872, a value of \$2.86 per acre, or a total of \$1,963,461.50.

Much higher valuations of these lands are made by individual lumberers, some of them placing the value of the timber alone, above the entire possible bond debt of the Company.

APPENDIX G.

Comparative statement of distances by different routes from Montreal to leading traffic points west.

FROM MONTREAL TO CHICAGO.

	Miles.	Miles.	Miles.	Miles.
1st.—By Water ...	River, 185...	Lakes, 1,005...	Canals, 71...	Total, 1,261.
2nd.—By Water and Rail, via Collingwood		Lake, 696...	Rail, 428...	Total, 1,124.
3rd.—By Water and Rail, via Montreal, Ottawa and Western Railway, Pacific Branch, and Canada Central ..		Lake, 560...	Rail, 394...	Total, 954
Difference in favor of proposed route over No. 1, 307 miles.				
"	"	"	"	No. 2, 170 "

FROM MONTREAL TO DULUTH.

	Miles.	Miles.	Miles.	Miles.
1st.—By Water	River, 239...	Lakes, 1,095...	Canal, 72...	Total, 1,406.
2nd.—By Water and Rail, via Collingwood		Lake, 746...	Rail, 428...	Total, 1,174.
3rd.—By Water and Rail, via Montreal, Ottawa, and Western Railway, Pacific Branch, and Canada Central ...		Lake, 610...	Rail, 394...	Total, 1,004.
Difference in favor of proposed route over No. 1, 402 miles.				
"	"	"	"	No. 2, 170 "

THE "TIMES,"
THE
AGENT-GENERAL OF CANADA,
AND
THE PRESIDENT OF THE GRAND TRUNK RAILWAY.

The attention of Mr. Edward Jenkins, M.P., Agent-General for Canada, having been attracted by the remarks of the *Times* upon Canadian Railways generally, he wrote the following letter to the *Times* :—

CANADA AND ITS RAILWAYS.

" To the Editor of THE TIMES.

" Sir,—As the remarks which have appeared in the Money Article of several recent issues of the *Times*, have relations to the general interests of the Canadian Government and people, far more wide than those therein directly adverted to; I must ask you in all fairness to permit me, as the representative of Canada, to offer a few words in remonstrance against the tone and bearing of those remarks. I should have asked this opportunity at an earlier date, but that I have been seriously indisposed.

" As my concern with the subject is only in relation to its general bearings, I am sure that your courtesy will permit me to withdraw it from the financial corner of your newspaper, into your other columns.

" The immediate subject or cause of the animadversions which the writer of the Money Article has made upon Canada was, I believe, the prospect of an appeal to the British public for funds on behalf of the railway to connect Montreal and Ottawa, which, as it was alleged, would simply be a fatuous rival of the Grand Trunk Railway.

" It is not my business, nor am I personally interested, to enter into that controversy; but I desire to point out to you that what has been virtually laid down in the *Times*, and requires to be either explicitly defended or withdrawn, is in effect this—that because the Grand Trunk and Great Western Railways have not paid, and are not paying, anything like proper interest or dividends on their immense capital, any other schemes which may be held or proved to compete with them, however superior their advantages, ought to be discarded by British investors. And I also understand that a second principle of a far more perilous and general character

" is insisted upon by you—viz., that it is an immoral thing for the Government of the Dominion or for any of the Provincial Governments to sanction or to aid any schemes which are likely to be injurious to the interests of the Grand Trunk and Great Western Railways.

" If these principles are not to be deduced from the words of your Money Article, I am in serious error, and I shall be very glad if it should turn out that I have placed a wrong interpretation upon them. In the meantime, on behalf of the Government and people of Canada, whose good faith, honour, and responsibility have been deliberately attacked in your columns, I have to ask the public to inquire for itself on behalf of what enterprises, and on what responsibility, they are asked to visit Canada with this drastic punishment.

" The injured tone adopted in your journal would justify ignorant persons in supposing that the people and Government of Canada had concocted gigantic railway schemes which they had presented to the British public; and that now, indifferent to the interests of those who had been half ruined by these schemes, they were preparing to establish other enterprises which would throw them into the background!

" But, Sir, I ask that the public will first inquire—Where these vast schemes originated? Who built and equipped these railways? Who were the contractors and the engineers? How much per mile did these railways cost? And, at the same time, let the question be asked and answered, How much per mile have railways managed and financed in Canada, and now paying large dividends, cost per mile, in comparison? Let the question also be asked, How much of all the vast sums of money expended on these enterprises has reached and benefited Canada, and how much has remained in England? And, again, how much from first to last has the Government of Canada itself advanced and expended in the effort to make these railways, property, equally advantageous to Canadian and to English interests? When these questions have been answered, if it should prove that the unfortunate shareholders, in whose interests I have no doubt that you are conscientiously writing, have less to complain of Canadian Governments and Canadian people than of other persons—to be unknown—it will at least be only just that the responsibility for the misfortunes attending these schemes, should rest upon the proper persons.

" As regards the uncalled-for attack upon the honour of the Canadian Government contained in the direct charge published in your article of the 6th of April, I am obliged to give it an unqualified contradiction. You say, without reference to locality and necessity, 'No amount of argument can, we should hope, lead sensible people in this country to put more money into railway projects in the Canadian Dominion, for, not only is there no traffic for such railways, but, supposing there were, their owners are exposed to the constant danger that a Dominion Parliament may grant a subsidy for a competitive railway to run half a mile off. In this way the Canada Southern has been built to the ruin of the proprietors of the Canada Great Western.' With all respect, I am obliged to say that this charge is as ridiculous as it is unfounded. The geography of the Dominion is open to any schoolboy, and though they run parallel and near each other, it would be interesting to know at what point the Canada Southern and the Great Western come within half a mile of each other. In the second place, the Canada Southern never received any subsidy from either Dominion or provincial governments.

" In conclusion, I have but one question to ask. I appeal to you to know whether you are prepared deliberately to insist, that all other enterprises in the Dominion of Canada, developing, as it now is, with unparalleled rapidity; are to rest in abeyance; are to be discountenanced by the people and

ADA,

RLWAY.

Agent-
remarks
e wrote

Article of
l interests
se therein
ne, as the
gainst the
portunity

bearings,
e financial

he writer
spect of
o connect
fatuous

nto that
virtually
nded or
d Great
e proper
s which
or their
under-
character

" Government of Canada ; and are not, however promising, to be aided by the
 " capitalists of England ; until the Grand Trunk and Great Western Railways
 " are paying interest on their bonds and dividends on their capital.

" I have the honour to be, Sir,

" Your obedient Servant,

" EDWARD JENKINS,

" Agent-General for Canada.

" Canada Government Building, King Street,
 " Westminster, April 9."

In answer to this moderate and able remonstrance from the Representative of the Dominion, in London : the *Times* took occasion to publish an article which was characterized by the same erroneous ideas as to facts : and by the same tone of prejudice ; as had pervaded its former utterances. The charge against the Canadian Government of subsidising another Railway within half a mile of the Great Western, was virtually abandoned : but it was renewed in another form, as if the *Times* had erred only in an unimportant detail. The article was as follows :—

TIMES, 15th April.

It is with some reluctance that we recur to the subject of Canadian Railways, their position being so plain to all men. But Mr. Edward Jenkins, the Agent-General of Canada, has chosen to publish a letter complaining, in a deeply-injured tone, of our statements, and by his outcry implies that we have dealt unkind blows at the credit of the Dominion. We are sorry that Mr. Jenkins does not better comprehend the state of affairs ; and in publishing the following reply to his letter, we take the liberty of recalling a few prominent facts which will show how the matter stands. At the lowest estimate this country has lent Canada £38,000,000 for railway purposes, only about £10,000,000 of which yields any return. Thus the Grand Trunk Railway, on which nearly £30,000,000 has been spent altogether, five-sixths of it being English money, pays nothing on about £20,000,000, and only paid 2½ per cent. last time on its first preference stock. The Great Western of Canada, to which this country has given eight odd millions out of nine odd, pays nothing now on five of that eight. The Canada Southern is in default on its bonds ; the Midland as well ; while the Prescott and Ottawa—the railway with which the Northern Colonization line is partly to compete—was sold some time ago to pay for its rails—its capital and bonded debt being thus clean wiped out. So with the small lines that run up to Lake Huron, and towards Georgia Bay, with a view to draw the Western American traffic to Canada, and away from Chicago and Milwaukee. Most, if not all, of them have been disastrous to their owners. Some of these lines paid formerly better than now, but, as our correspondent points out, reckless disregard of existing interests in the planning of competing lines, has brought them to the verge of bankruptcy. Surely, with such a state of things, while three-fourths of the English capital spent on Canada is unproductive, it cannot be expected that we shall go on lending to all comers, asking no questions ? Canada has not dealt fairly by herself nor by the English investor, and no principle can be more sound or just than that which rules that Canada shall have no more English money until she has mended her ways. These are the broad facts, and they speak

for themselves, so that we need not dispute with Mr. Jenkins whether existing railways do race with each other, half a mile apart or not. Some of them have been so made as to ruin each other, and that is enough. But, indeed, Mr. Jenkins carefully avoids disputing the facts we gave. We have, it need hardly be said, no ill-feeling towards Canada, and wrote rather in her true interests than against her; for it is not for her interest that her name should be financially discredited in the markets of Europe, as it certainly must be if she goes on as she has done.

The letter referred to in the *Times* article was signed by Mr. Lewis Paine. In this letter Mr. Paine makes two points: one, that "the Canada lines have been made by foreigners, while other colonies have made their own, raising the necessary capital on bonds;" that the competing lines were authorised by Special Acts of the Canadian Legislature; and that the Canada Southern never should have been sanctioned, at least until existing Railways earned fair returns. And a second point, that the Grand Trunk only earns a dividend on about £7,000,000 of Capital, or on a cost of £5,000 a mile—although it has made other large expenditures: and therefore that even a cheaply constructed road would not pay.

Mr. Paine puts these points with great fairness and candour, but he is mistaken as to the facts. Canadian lines are nearly all constructed in the same way. A certain amount of capital is raised in Canada, either by subscriptions, by municipal bonus, by government subsidies, or by all three. And the balance is raised upon bonds. Just, as Mr. Paine says, other colonies raise their capital. No Canadian Railway, except the Canada Southern, has ever been assisted to any extent by foreign capital; by which I understand Mr. Paine to mean, capital from foreign countries, not England. And Canada has made railways of its own, larger than the government of any other colonial dependency, and is now engaged upon similar railways, as national undertakings.

With regard to the Canada Southern, he is mistaken in the circumstances under which it was chartered by the Canadian legislature, as has been already shown, and will more clearly appear from Mr. Jenkins' subsequent letter.

As to his second point, that even cheap railways will not pay in Canada, I would remark; that the amount he states

to be earned by the Grand Trunk Railway, would constitute a dividend on the entire debt proposed to be incurred here by the Northern Colonization Railway; the extreme limit of whose borrowing powers on its first mortgage bonds, is £770,000, or about £5,630, per mile. But in reality the net earnings per mile of the Grand Trunk Railway during the past year would pay interest at the rate of 8 $\frac{1}{2}$ per cent. upon the extreme amount of first mortgage debt which this Company can create.*

As to the article of the *Times* itself, it merely anticipates the statements of Mr. Potter in a letter from him dated the 13th instant, published in the *Times* of the 19th instant: with a few words of introduction by the Editor, to the effect that the letter contained "a graphic and veracious history" of Canadian Railway enterprise. They are discussed together by Mr. Jenkins; but first it would be well that a word should be said upon an ejaculation by the *Times* in the above article. "Surely," it says, "it cannot be expected that we shall go on lending to all comers, asking no "questions!" No one ever assumed so absurd a position. The Company assailed does not object to questions being asked. It is prepared to answer them in advance: and to place its success upon the sufficiency of those answers. But the course taken by the *Times* prevents questions from being asked of, or answered by, the Company. It does not ask questions. It publishes what might be called a negative prospectus of the railway; confusing direction and distance; making what I have shown to be the most gross and unpardonable mistakes as to facts; and pronouncing an unequivocal condemnation of the project, before it could have known what was to be proposed; and, indeed, before the delegation to this country had decided as to the details of the intended proposal.

As the letter published by Mr. Potter, in so far as it applies to this controversy, merely goes over, with more detail, but in nearly the same order, the arguments and assertions of the *Times* articles, it is not reprinted here in full; but may be found in a file of the *Times* on the date

* See Appendix D, page 25.

already quoted. The points in it which Mr. Jenkins discusses, are indicated by that gentleman's exhaustive letter, which is as follows:—

"Canada Government Building, King-street,
Westminster, S.W., April 20.

"Sir,—The terms in which your Money Article refers to my communication published on Tuesday last on the subject of Canadian Railways, and the indignation which I learn through the cable that its strictures have excited in Canada, oblige me, in justice to myself as well as to the subject, to ask the favour of inserting what shall be my last words on the matter.

"In addition, I now have the advantage to have drawn from one of the highest and most interested authorities, a statement vouched by the Money Editor to be 'graphic and veracious,' and which at least has the merit of not floundering helplessly among the facts. I will try as briefly as possible to meet the joint attack.

"I may say without offence, that expressions such as 'things that are plain to all men,' about things patent to 'sensible' men; about 'reckless disregard of existing interests;' and appeals to 'broad facts;' which, as I will show, any one with a map and a few reports can disprove; seem rather to resemble the tactics of convicted ignorance, than of judicious criticism.

"Permit me first briefly to recall the circumstances under which I intervened. If your Money Article had done no more than to reflect upon a scheme of Sir Hugh Allan and others, it would have been wholly out of place for me to interfere. It is one of the points which I make, that every railway undertaking must stand upon its own merits, and, for all I know, there may be in the character of the Northern Colonization Railway, enough to justify any amount of strong writing. In criticising all such undertakings in a fair and equitable manner, the *Times*, as was demonstrated in a recent case, discharges a duty which is equally beneficial to the English and Canadian public. But the Money Editor went beyond this to propound the extreme proposition, that no investment in new Canadian railways ought to be entertained by 'sensible' people, and that they were exposed to the constant danger that the Dominion Parliament might grant a subsidy for a competitive railway to run half a mile off. I simply challenged the justice and the accuracy of these statements. The only arguments offered in support of them were, that two great English railway undertakings in Canada, and some smaller ones, had had a disastrous history; a statement of which I endeavoured to diminish the effect by asking a number of questions about Grand Trunk and Great Western management, which even Mr. Potter has not attempted to answer. Then Canada Southern was thrown at my head. I will here dismiss Canada Southern in a few words. The statement that Canada Southern and Great Western ran within half a mile of each other was a misleading one, and Mr. Potter will perhaps say whether it is not at points where they cross, that he is able to give evidence that they come within half a mile of each other. Further, if they do run so close, who is responsible for it? The charter for the Canada Southern was obtained in 1867. The charter for the 'air line,' which runs nearest the Canada Southern, was obtained in 1868-69, and was acquired by the Great Western. There is, therefore, as much ground for asking how far Great Western helped to kill Canada Southern, as to put the alternative question.

"As to the so-called 'subsidies' to this line, they are subscriptions of municipalities granted on the Canadian method, and amounting altogether to only \$4,000,000 or \$5,000,000,* out of \$17,000,000, and therefore to call it a 'subsidized' railway is simply to delude an unformed reader. So far from issuing 'two or three millions of its bonds in London,' its issue was simply and solely \$1,000,000.

"To return. There are no just grounds, either in the erroneous statements of the Money Article, or in the long story of Mr. Potter, for declining to grant to new Canadian railway schemes a fair hearing, or even a favourable reception, in the English Money-market. I do not argue that English capitalists should go on 'lending to all comers asking no questions.' Let every scheme be carefully considered in

*This is probably a misprint. The real amount of the subsidies is \$400,000, or about £80,000.

relation to its own direct prospects of success, and not be condemned by reference to an unfortunate history, which, if written in detail, might certainly read a valuable lesson to the British investor. What, I ask, might now have been the position of the Grand Trunk Railway, if extensions had not been built where they could not possibly be remunerative; if a suicidal competition had not been attempted with American lines possessing the advantage of several hundred miles less distance to the seaboard; if internal traffic had been developed with as much care as a traffic, which Mr. Potter seems to admit, scarcely pays its expenses—for if it did, it could occupy the whole line, and in that case other railways would be required.—And, lastly, had there been less effort and sacrifice in endeavouring to absorb into the Grand Trunk system other Canadian railways—had there been greater economy in building and management, will any business man contend that Grand Trunk might not to-day have stood in the position of one of the most promising railway enterprises in North America?

“As to the original responsibility, Mr. Potter says, in reply to my words ‘managed and financed’ from England, that it was also ‘worked’ by the Canadian ‘Board,’ nominated originally by the Prime Minister of Canada, with a ‘committee’ in London, to ‘raise and remit’ its funds. Does Mr. Potter wish me to go into the early history of the Grand Trunk? Who allotted the stock on the 25th of April, 1853, and how many Canadians received allotments? Does he wish the public to infer that an English Board, stated in the celebrated original prospectus to be ‘directors’, with the names of Baring, Glyn, Wollaston Blake, Robert McAlmont, Kirkman Hodgson, and Alderman Thompson, were a subsidiary ‘committee’ to a number of Canadian gentlemen?

“Mr. Potter asks me to be good enough to note that ‘cheap construction always means in the end, dear maintenance and excessive renewals.’ I defer to so high an authority, but I ask Mr. Potter whether this is not a question of degree and whether if a road can be built well at £8,000 a mile, it is good economy to build it, only a little better, and no more to the purpose, at £16,000 per mile? I simply take a hypothetical case in order to show the futility of the argument.

“Again, what is now virtually contended? The Grand Trunk and its feeders, and the Great Western, run through the most populous portions of Quebec and Ontario. Is it possible that at the rate at which Canada is increasing in population (*vide* Grand Trunk circulars and reports *passim*) and looking to the prospects of the development of the country, northwards and westwards, these roads are entitled, or can hope to obtain, a monopoly of the railway traffic of Canada? Their disastrous history, and the disastrous history, of 20 other railways, cannot shake the common sense of the position that the opening up of other parts of Canada, and shorter and cheaper communications between some of its most important local centres, may be financial undertakings well worthy the attention of English capitalists. It would be as judicious to argue that the histories of the Great Eastern, Metropolitan, and Chatham and Dover, were reasons for discrediting a line between Glasgow and Edinburgh.

“This, I contend, is the whole question; to which the only answer is a general blackening of Canadian railway undertakings, by citing the misadventures of a period when Canada was, politically, economically, and, as regards population and development, in a totally different position.

“But, Sir, some authorities differ at different times. I have before me a circular issued on the 23rd of May, 1873, and signed ‘Richard Potter, President,’ which I may ask those who by that circular may have been induced to become interested in Grand Trunk, to lay side by side with Mr. Potter’s letter to you. It states:—

“‘In spite of the disadvantages under which the company has hitherto laboured, of being unable to carry the existing traffic; a steady increase has taken place year by year, the receipts having increased during the last ten years about 100 per cent.; the traffic for last year approaching two millions sterling. There cannot be a question that the rate of increase will proceed even at a much greater ratio.’

“After quoting statistics, the circular says,—

“‘A country which in such a short period has doubled its home and foreign trade, must command confidence in its present resources, and faith in its future development.’ And a speech of the Hon. W. Tilley, Minister of Finance, is quoted, in which he said,— ‘We can bear an increased debt of 30 millions in the next ten years, without materially increasing the taxation of the people; while at the same time we are opening up a

magnificent country for the millions who will pour into it,'—&c. This was a speech made in relation to prospective railways, quite out of any lines of competition with the Grand Trunk.

"May I not ask by what right the President of the Grand Trunk, which runs from Detroit to Rivière du Loup, undertakes to warn English capitalists from having anything to do with railways projected by the Government, and not going within some hundred of miles of his? The decency of such intervention is at least questionable.

"Before proceeding to deal carefully with Mr. Potter's statements and, what are worse, his innuendoes, I desire to say a word or two concerning the 'broad facts' on which the writer in the Money Article has been relying, to support what I call his preposterous propositions. Let me take the statements made in the Friday Money Article *seriatim* :—

"At the lowest estimate this country has lent Canada 38 millions for railway purposes.' I ask, when and where? Further, 'of this nearly 30 millions has been spent altogether by the Grand Trunk Railway.' I ask, when and how? These railways, spite of Mr. Potter's disclaimer, were essentially English undertakings; the property, control and management are almost entirely English. When the Great Western had been built by English capitalists, the Grand Trunk was projected, built, equipped, and managed by English rivals. Whatever may have been the original Canadian Committee, the really responsible persons were on this side. What justification is there for designating the expenditure of such Companies as money lent to Canada? It might better be called money mis-spent in Canada—But the Money Article is out to the trifling extent of over £9,300,000 sterling, on the authority of the Grand Trunk report of the 30th of June, 1874. Of the items in the capital account, £3,111,000 were contributed by Canada, and there is a charge of £6,075,000 for discount on the celebrated issue of 1873, when stock at 100 was placed on the market at £22 10s.

"Other misstatements in the Money Article will be refuted in the course of the following reply to Mr. Potter's letter. With regard to that letter, I must remark that Mr. Potter's process is exceedingly disingenuous. It is to enumerate the new railway schemes; to assert them to be rivals of the Great Western and Grand Trunk, which helps to discredit them with English capitalists; to declare that former schemes have been, and of course he must contend for the purposes of his argument will long continue to be, disastrous failures; and then to condemn every new enterprise. Now, in fact, such roads as the North Shore, the Northern Colonization, the Canada Central, may be said to compete with Grand Trunk, just as you may say the Great Northern or Midland competes with the London and North Western—that is to say they run between the same termini, but tap and develop totally different districts. Even if those districts were absolutely uninhabited or uninhabitable, does it fairly lie in Mr. Potter's mouth to say so? One of them certainly would compete with the Grand Trunk for, the traffic from Montreal to Quebec; and another in some degree, for the traffic from Ottawa to Montreal. But it would be a strange thing to contend, that if railways can be maintained by local traffic between those termini, as we must suppose the projectors believe they can; that they are not to be built, because they will obviously bring great centres into nearer and more rapid communication than by existing lines. I should have thought that even Mr. Potter would not contend, that people would long go from Ottawa to Prescott in order to take their chance of any time between one to five hours to catch a Grand Trunk train to Montreal, when a short line could be built which would take them from Ottawa to Montreal with less mileage and in less time. It is this consideration which renders Mr. Potter's statement that the greater portion of these lines compete directly or indirectly with the existing lines now in operation; a disingenuous one, if simply read upon its face.

"I will now very shortly take up Mr. Potter's comments on the railways. I observe, by the way, that the President of the Grand Trunk, is not above performing an ingenious financial sleight of hand. He adds to the capital expended on the Grand Trunk, £1,000,000 said to have been lost by the contractors for its construction. Is it usual in railway accounts to add to the capital account, the sums sunk by the misfortunes of contractors? But, Sir, I will use this very point in favour of my hint that there may be better management by local adventurers in Canada, than even by the distant magnates of Lombard Street. Part of the contract for the Grand Trunk

was taken by Messrs. Galt, Gzowski, and Macpherson, who made fortunes out of it. These gentlemen offered the English contractors £200,000 for their contract.

"Mr. Potter says that in the year 1874 (contrary to certain predictions made in the statements published when he was issuing the stock of 1873) the Grand Trunk 'was only for the first time in its history paying interest out of revenue upon its original bonds and capital, the sum of £80,000 in the year 1874.' That there may be no mistake, he designates this £80,000, the net result of a capital of 12 or 13 millions sterling. But this statement is fallacious. The Grand Trunk has chosen to take into its system, by lease or otherwise, the Atlantic and St. Lawrence, the Detroit, the Montreal and Champlain, and the Buffalo and Lake Huron Railways; to which it has guaranteed sums amounting in the aggregate in the half-year ending the 30th of June, 1874, to £95,782 sterling; or, I may presume, double that sum per annum. Making a fair estimate of amounts earned by these railways, and of the sum paid to them by the Grand Trunk, I ask whether it is likely that Mr. Potter would have made the above statement if he had been drawing up the circular for a new loan? Besides, Mr. Potter is in a dilemma. Either he must admit those railways earn all he pays for them—in which case they are far from disastrous—or else he has not credited the capital account of the Grand Trunk with a sufficient profit.

"Several of Mr. Potter's statements about Canadian railways and those in the Money Article of Friday, are, I regret to say, exaggerated. Mr. Potter must know the facts.

"1. Prescott and Ottawa.—It appears that many years ago, before the seat of Government was removed to Ottawa, and when Ottawa was little more than a village; the company failed to pay the interest on its bonds, and therefore the bonded debt was converted into stock; a further bonded debt was created to rehabilitate the road, which was subsequently increased to extend it. And on this total present capital of a little more than £1,250,000, its net earnings in 1873 reached the sum of \$92,000; which left after paying for interest, and conversion of American money into gold, the sum of \$46,000, or about 5½ per cent. on the stock representing the old bonds. If this rate improved, as it probably did in 1874, the dividend on the old bond debt would be a liberal one. So that far from the railway being sold to pay for its rails, it paid for its rails with its bonds. And, so far from the bonds being 'wiped out,' they were converted into stock on which dividend was earned. Thus the case was not so bad as was represented.

"2. Brockville and Ottawa was not constructed entirely by English capital, but about 20 years since, mainly with Canadian capital, the municipalities granting \$1,365,201 46c. A long tunnel under Brockville, the only tunnel in Canada, made its cost exceptionally heavy. It has not been 're-constructed.' 'By a composition effected with the municipalities, its position has been bettered. It has not been amalgamated with the Canada Central, nor is it known by that name. Its history and prospects are neither more startling nor disastrous than those of many English railways.

"3. The Canada Central, commencing at Ottawa, runs westward for 28 miles, until it strikes the Brockville and Ottawa at Carleton Place, whence it runs over 28 miles of that road to Sandpoint. There it recommences its line proper, and is complete to Renfrew, from which point it is to be continued with heavy subsidies from the Dominion Government, for 125 miles, to the projected terminus of the Canadian Pacific. It will open up a fine country now being rapidly populated. The portion from Ottawa to Carleton Place was built by Messrs. Bolckow, Vaughan & Co., who sold it at cost price, after it had been running for two years, to Canadian contractors. From Sandpoint to Renfrew the line was, I believe, constructed by the purchasers entirely with Canadian capital. The Ontario Government has commuted for the land grant made to this road, and this grant will practically cover more than half the cost of the portion for which it was granted. Can Mr. Potter's representation about these two roads be termed a candid one?

"4. The history of the Midland is referred, to 'years ago.' It was constructed largely with Canadian, not, as Mr. Potter's statement implies, wholly with English capital, \$920,000 having been contributed by municipalities alone, out of something over \$3,000,000. If it has not paid interest this year, that may be due to the fact that

* This also must be a typographical error. The amount is \$128,902.20.

the business of its new extension has not developed. The news of its connection with Georgian Bay must have reached Mr. Potter by cable. It is wholly unknown to me. Though it is a merely 'sectional' line, with no termini of importance until it reaches Georgian Bay, I am informed it will pay on a reasonable cost, including its last issue of debentures.

"5. The Buffalo and Lake Huron is said also to have a 'disastrous history.' It may be to the Grand Trunk, which has leased and managed it, but not to the original proprietors. These have been receiving on it an annually increasing payment, which amounted in 1873 to 7½ per cent, on £8,000 per mile, and will in 1879 pay the interest on its debt and 5 per cent. on its shares. Its bonds were quoted in the *Times* of Friday, as follows, which is not an indication of that 'verge of bankruptcy' spoken of in the Money Article:—6 per cent, 99 to 101; 5½ per cent., 96 to 98; business done, 97.

"6. The Northern Railway 1st Preference Bonds, were quoted on Friday 99 to 100; 2d Preference, 92 to 94; business done 93. Its bond capital is the chief capital, the stock having been almost nominal, about half being held by two municipalities. It is not correct to say it was 'wiped out,' but explanation here would be impossible. It is one of the best equipped and most prosperous railways in Canada, and has this Session made an advantageous arrangement with the Dominion Government, for a partial commutation of its debt.

"I will not further encroach on your space with reference to other railways. I may have been misinformed, and have spoken too strongly, in referring to railways paying 'large' dividends. Mr. Potter ought to be a better authority than I, and therefore I am willing to submit to his correction. But he admits two to be successful for the time, and entirely omits reference to some Eastern township roads which I believe show favourable results. At all events, it is equally clear that Canadian railways generally are not now on that 'verge of bankruptcy' which the City Article stated, and Mr. Potter's letter implied. In this case the truth seems to lie somewhere between us.

"I decline to be drawn into the controversy between Mr. Potter and Sir Hugh Allan, which, as I have said, does not concern me. It is clear this must be the last communication I can address to you on this subject, and any future discussion must take place outside your columns. I think I have shaken some of Mr. Potter's facts; but, in conclusion, I will say, granting all that Mr. Potter says to be true, it does not touch my point in the least. His principle seems to be, 'Let Grand Trunk prosper and everything else perish.'

"Mr. Potter's appearance on the scene, raises a very serious question. Are Grand Trunk interests to overshadow and obscure the prosperity of Canada; to extrude her undertakings from the English money market; and to discountenance the Canadian people and the Canadian Government, by the overbearing influence of a great corporation?

"It will be for the Government and people of Canada to answer the question, and to determine in what manner to meet a hostility, springing, as it were, from its own allies.

"I have the honour to be, Sir, your obedient Servant,

"EDWARD JENKINS, Agent-General for Canada."

Mr. Jenkins' question, as to Mr. Potter's reminder that cheap construction, always means "dear maintenance and frequent renewals," is well put as a hypothetical case. But it can be put in a more favourable and equally conclusive form with reference to the Northern Colonization Railway. If a Railway is built and equipped at £8,500 per mile—*equally well* with the *best parts* of one which costs on an average £28,000 per mile—and if the cheap road possesses *larger* traffic, and serves a larger population, than the dear

road ; does the failure of the high-priced road prove that the low-priced road will not pay ? I am prepared to prove that such are the relative positions of the Northern Colonization and Grand Trunk Railways.

But there is one series of assertions made in Mr. Potter's letter which must receive different treatment, as they are new, and, if correct, would have an important bearing upon the question of the expediency of investing in the securities to be offered by the Montreal Northern Colonization Railway. The following is the passage containing them extracted from his letter to the *Times*, published on the 19th instant :—

“ There is one characteristic which the Northern Colonisation and all its kindred proposals have in common with the Canada Southern ; they have no share capital held by a solid body of proprietors in the ordinary sense of the term.

“ The share capital is distributed by the principal promoters among themselves. “ 10 per cent. deposit is written up by the promoters' bank, to comply with the law. “ The bondholder has no vote, and such a constitution affords no practical guarantee of sound and economical construction, or, after the opening of the line, for efficient and adequate administration. It is true that the bondholder, in case of default, could put a receiver on the line, but what is the value of this remedy, if the locality through which the line passes will not yield sufficient to pay the expenses of the Railway “ working ? ”

There is an inconsequence in this style of reasoning, which scarcely requires to be pointed out. If the railway will not pay working expenses under any management, what does it matter to the bondholders whether it is well managed or not ? And, moreover, how is it, that in a letter of a column and a half, there is not *one sentence*, by which it is even attempted to prove, or to create a presumption, that the Northern Colonization Railway will not pay working expenses, or will not pay dividends ; except indeed the implied argument, that if the other railways he mentions (one-third of the mileage of which is under his own management) are failures, therefore the Northern Colonization will not pay its working expenses. No one who does not wish to be convinced, could attach any importance to such a mode of argument. The fact is, that the advantages possessed by the Northern Colonization Railway, in the population and manufactures of the country it traverses ; in its freedom from competition ; and in the extent and variety of its connections ; are unequalled in the Dominion ; and any attempt

to prove the reverse will only strengthen the position claimed for it.

Moreover, it is proposed that its bondholders shall have votes, *ipso facto*, upon the first default to pay interest; and that the shareholders who have votes shall, by the same fact, lose them. The municipal subscribers will still be represented by their officers; and, as the shares rank after the bonds, they will have even a greater interest than the bondholders, in the economical management of the railway.

But the worst feature in this whole statement is, that it is absolutely unfounded in fact. He says, "The share capital "is distributed by the principal promoters among themselves." Were the shares subscribed for by the City of Montreal, the County of Ottawa, and other Corporations, "distributed" among them by themselves? They are really the principal promoters; they are large subscribers of shares; and they, with the individual subscribers; many of whom are largely interested; actually constitute a "solid body of proprietors;" affording as "practical a guarantee" for sound administration, as could be desired. In fact, with the representatives of these large corporations, the government nominees, and the elective directors, no more efficient Board could be constructed. That, however, is a matter of opinion; but the further assertion that "ten per cent. deposit is written up by the promoters' "bank, to comply with the law," is a positive and direct assertion of fact, which should not have been made without a foundation in fact. Upon seeing it, I addressed the following letter to the *Times*; in which I also expressed my readiness to do that which Mr. Jenkins effectually performed the next day, by the letter from him to be found in the foregoing pages.—

"32, Lombard Street, April 19.

"Sir,—I see in the columns of the Money Article of the *Times* of to-day, a letter from Mr. Richard Potter respecting Canadian Railways, which you characterize as 'graphic,' and vouch for as being 'veracious.' I admit that it deserves the first of these epithets, but I do not agree with you as to its right to the second. It is incorrect in most of its direct assertions; and the vague statements in which it abounds, are still more calculated to mislead, than those which are distinctly made. And it concludes with an unfounded charge against the Montreal Northern Colonization Railway Company; which I understand also to extend to myself as a promoter of it, and to the bank of which I have the honour to be President; of complicity in an evasion of the law in respect of calls upon its stock.

"If I thought the dissection and refutation of Mr. Potter's statements in the respects in which I differ from him, would receive the same facilities for communication to the public that you have given to his letter, I would prove my view, of the points on which I consider his statements to be unreliable. But the course you have taken with regard to the Northern Colonization Railway prevents me from expecting that you will publish a detailed answer to them. You declined to publish my letter, correcting the errors which I believed had been committed in the Money Article on a former occasion, mainly on the ground that the subject 'had already been sufficiently dealt with;' yet the project has been again indirectly assailed in a Money Article, upon grounds which, I contend, were disposed of by my letter; and directly, in Mr. Potter's letter published to-day.

"I shall, therefore, content myself with declaring, that the statements contained in Mr. Potter's letter, in so far as they affect the question of the advantages possessed by the Montreal Northern Colonization Railway, or are used to sustain a sweeping condemnation of all projected Canadian Railways; are to the last degree distorted and unreliable; that his interpretation of my advocacy of certain improvements in the internal communications of Canada, is ridiculously exaggerated and incorrect; that the Merchants' Bank of Canada never kept an account, or transacted any business with the Northern Colonization Railway, and never was asked to do so; that the Company has a *bonâ fide* subscribed share capital of about \$1,500,000, of which all that has been credited to shareholders, amounting to above \$800,000, has been actually paid up in cash and expended on construction; and that the imputation upon the bank and upon the company is absolutely false.

"As this communication will not greatly trespass upon your space, I venture to hope you will insert it; and I beg to request that you will either withdraw your sanction from Mr. Potter's charge, that '10 per cent. deposit is written up by the promoter's bank to comply with the law;' or disclaim the application which I attribute to it, and which I think results from the natural construction of its language.

"Your obedient servant,

"HUGH ALLAN,

"President Montreal Northern Colonization Railway."

The comment of the *Times* upon this letter was characteristic. Its article was as follows:—

TIMES of 21st April.

We did not print Sir Hugh Allan's former letter, because it was not possible to give a couple of columns or so of the *Times*, to a prospectus of his railway. In printing his present letter, we must say emphatically, that we cannot withdraw our endorsement of Mr. Potter's letter, for it was veracious in the best sense of the word, as every published document about Canadian railways abundantly proves. Mr. Potter, for example, nowhere says that the Merchants' Bank of Canada supported Sir Hugh Allan's scheme. Again, is it reasonable to speak of £60,000 in cash as a substantially paid-up share capital of a railway more than 100 miles long? Why not call up all the capital—a paltry sum at best—before offering bonds for sale? It is evidently high time that this controversy came to an end. * * * * *

Immediately upon observing this reply in the *Times*, I wrote and sent the following further letter on the subject:—

32, Lombard Street,
21st April.

To the Editor of the *TIMES*.

Sir,—I must again, and I hope for the last time, ask the insertion of a few lines in the *Times*; because your comments upon my letter, published to-day,

shew a misconception of my request, and of one of my statements. And in a matter of such importance, I am unwilling to be misunderstood.

I referred in that letter to the payment of £60,000, in contradiction of Mr. Potter's assertion that 10 per cent. on the stock had been "written up," to evade the law: not as being the paid up share capital of the Company, but as so much already paid in upon £300,000 share capital, *bona fide* subscribed as I said, and therefore available. If the objection to the Company's proposals had been postponed till those proposals were made, the *Times* would have been fully informed as to the Company's plan of operations; its share capital; its cash government aid; and the rights of its Bondholders to vote.

The opinion of the *Times* would then have been of value, as to the Canadian cash capital provided, being a "paltry sum at best" upon a total cost of a million; and as to the prudence of expending that capital entirely, before commencing to make arrangements for completing the work.

I did not ask you to withdraw your endorsement from Mr. Potter's letter generally, but only from one of his assertions; namely, in effect, that the Company had no real share capital; that it had distributed its share capital among its promoters; and that "10 per cent. deposit" is "written up in the promoters' bank to comply with the law."

I understand you to disclaim the application of the latter portion of this charge to the Merchants' Bank, but except in that respect you repeat your adhesion to Mr. Potter's statements on this, as on other points.

But I consider that the charge of a fraudulent evasion of the law, stands on a different footing altogether from arguments, however fallacious, against the commercial value of the enterprise. And I cannot believe that the *Times* would intentionally lend its weighty sanction to an unfounded imputation. To avoid any misunderstanding on this point, therefore; I again request you, as I did in my last letter, to withdraw your endorsement from that charge as made by Mr. Potter.

When a proper opportunity offers, the other statements and arguments vouched for by the *Times*; and its own remarks upon this Railway; will be appropriately discussed.

Your obedient Servant,

HUGH ALLAN,

President Montreal Northern Colonization Railway Company.

This letter was not published by the *Times*, but in an article preceding Mr. Jenkins' letter, on the following day, the following passage occurs:—

"Sir Hugh Allan is, we are sorry to say, not yet satisfied, and writes to ask us to withdraw our sanction from a portion of Mr. Potter's letter, which, he says, conveys against him the charge of 'fraudulent evasion of the law.' We very much regret if any remarks of ours have given any countenance to such an imputation, but must at the same time say that we cannot find any trace of it in Mr. Potter's letter. It makes, so far as we understand it, no charge against any individual, and if Sir Hugh has found a personal attack in the letter, we can only say, that we must have misread it, and had not the least intention of endorsing such a statement."

The impression of the *Times* that Mr. Potter's letter makes no charge against any individual, is not justified, when the charge it makes against the principal promoters

of the Railway is read. But I am willing to assume it to be the meaning of the *Times*, that it does not endorse Mr. Potter's charge, of having a fictitious credit written up by a bank, to evade the law. As to the charge itself, as made by Mr. Potter in the letter, it will be dealt with by the Solicitors of the Company, in whose hands it has been placed.

The *Times* proceeds thus to comment upon Mr. Jenkins' last letter, and to close the controversy—

"The heterogeneous mixture of complaints, accusations, arguments, assertions, and inuendos composing the following letter does not appear to us to advance the cause which Mr. Jenkins has taken up with such gratuitous chivalry, and we are glad to think that we have now reached the end of the controversy. Mr. Jenkins is thoroughly welcome to all the weight his great "point" can have against those "broad facts" at which he seeks to sneer; but it remains when all has been said that Canadian Railways have hitherto been a bad speculation to all but the Canadians, and that, in spite of the progress of the country, they are for a long time to come likely to be. The population of the country is but about 4,000,000, much scattered, as its existing 4,000 miles of railway alone would suffice to show, and the French part of it mostly refuse to patronize the railways. The bulk of its trade is of a kind that does not afford profit enough to pay for long overland carriage by railways, and the further one goes into the unopened portions of the country the less chance is there of profitable business for them. But these truisms should need no repetition, and we will close the discussion on this subject by answering a statement or two made by Mr. Jenkins. As to the capital borrowed by Canada from us for railway purposes, we find that the gross total now traceable in the Stock Exchange lists is £40,994,000, exclusive of a loan of £2,000,000 raised in 1867 for the Intercolonial Railway, £1,500,000 of which bears the guarantee of England. We, therefore, considerably understated our case, as was our intention, in dealing with the gross total, by reason of the discounts to which some issues have been subject. But these discounts should not be taken into account in dealing with individual railways, for the simple reason that they represent the price the railway pays for causing its creditors to wait many years for returns on their money. As Mr. Jenkins ought to have known, railways in their accounts always reckon capital by its gross nominal amount, and they do so because it is the only just way of looking at their liabilities. Hence, in the accounts of the Grand Trunk Railway, issued yesterday, 'capital expended' is set down at £29,900,000 odd, although this includes the discount on the last "ordinary" issue. On this it earned last half-year a net revenue of £216,787, of which, after paying rents of leased lines and interest of bonds of subsidiary lines, &c., there was left £38,390. This, with the small balance brought forward, allows of a dividend at the rate of $2\frac{1}{2}$ per cent. on the first preference stock, all below that, or about $20\frac{1}{2}$ millions nominal, not getting a farthing. In the face of these facts, what becomes of the insinuations and assertions of Mr. Jenkins? The story of the Great Western of Canada—a company that has been in existence since 1845, long before Canada Southern was heard of—is not any more encouraging. It has spent to the date of the last report, issued two days ago, £8,537,000. The interest on bonds and the loss on working leased lines left the Company a loss of £14,231 on the half-year's working, or a total deficit for last year of £34,288. Add interest due on

preference stocks, £16,019, and we have a total deficiency of over £50,000 for the year, before some 5½ millions of ordinary capital comes into account at all. Yet this railway runs through the wealthiest part of Canada. But that is not all. There are heavy losses lying to be charged to revenue upon some of the subsidiary lines that the Great Western works. Of such is £44,645 on the Detroit and Milwaukee Railway. But this is not to be wondered at when the railway has to compete with two other systems in Canada and three in the United States. These being the indisputable facts to be set against Mr. Jenkins' assertions on the main point of his quarrel with us, we think it is hardly necessary to follow him further. His attack on Mr. Potter may be left to refute itself, and this discussion must now positively close."

There is only one point that is new, in this summing up of the pretensions of the assailants of Canadian enterprise. The propositions that Canada has borrowed from England the large sums mentioned in the article; and that the discount at which the Grand Trunk Railway sold its last issue is to be considered capital lent to Canada; have been sufficiently refuted by Mr. Jenkins. But the article sets forth the losses of the Great Western and says "Yet this railway runs through the wealthiest part of Canada." The conclusion implied in this mode of stating the case is, that as the Great Western, running through the wealthiest part of Canada does not pay, no railway running through any other part of Canada can pay. This is another instance of an assertion literally true, being made the sponsor for a conclusion entirely erroneous. It is quite correct to say that the part of Canada through which the Great Western runs is the wealthiest part of Canada; but to appreciate that fact, it is necessary also to consider by how many railways that part of Canada is served. The results of an examination of this question are striking, and may be thus stated :

The part of Canada through which the Great Western lines run, known as the Erie peninsula, contains, by the census, a population of	1,030,409
It is traversed by railways of the aggregate length of.....	2,184 miles.
Average of population to the mile	472
The entire remainder of Canada, exclusive of the north-west, and British Columbia, contains of population, say	2,650,000
It is traversed by railways of the aggregate length of, say	1,316 miles.
Average of population to the mile.....	1,459

Thus the Erie peninsula has one mile of railway for every 472 people. The rest of Canada one mile of railway for 1,459 people.

Let us press the comparison a little further.—

Great Britain and Ireland have an aggregate length of Railway of	16,082 miles.
The population is	31,688,000
Or an average per mile of Railway of	1,908
The United States have an aggregate length of Railway of	66,491 miles.
Their population is	38,500,000
Or an average per mile of Railway of	594
The Erie Peninsula, containing the Great Western and neighbouring lines, has an average per mile of Railway of	472
The rest of Canada has an average per mile of Railway of	1,459

The Erie Peninsula has, therefore, a larger proportion of mileage of railways to population by one-fifth, than the United States; it has more than three times the proportion of mileage to population of the remainder of Canada; it has more than four times the proportion of mileage to population of Great Britain and Ireland.

No doubt there are other elements which must enter into a computation of the value of the traffic of the Great Western, or of any other Railway. In this instance, the *Times* puts the argument of local prosperity as a conclusive one. The test to which I have subjected it shows, that alone, it is utterly valueless.

The entire argument of the opponents of Canadian enterprise, always returns to the fundamental principle, which they contend should govern the decision upon further investments in Canadian Railways. That is, that no project, however valuable, shall be allowed a hearing, till the Grand Trunk and Great Western Railways become profitable investments. And it is precisely against the attempt to establish that principle that I am now contending. The merits of the Northern Colonization Railway itself, have occupied but a small part of the attention of the *Times*, and its correspondents.

In effect, I may fairly thus describe their pretensions. These two great English companies have spent enormous sums in the struggle for the traffic of the Erie Peninsula, and for the carriage of the produce of the Western United States. They are competing for this traffic with American railways, by which they are over-matched in distance, in cost, and in economy of management. And while they are pounding their railway and rolling stock to pieces in this contest, for inadequate remuneration; they are neglecting to cultivate the local traffic, which is always carried at a profit. Again, there is a superabundance of carrying power in the extreme west of Canada, where the traffic is large; the Grand Trunk is alone in the extreme east, but has very little traffic there; and its carrying power has been created at a cost per mile, far exceeding that of any other railway in America. Because these railways, under this combination of adverse circumstances, do not pay; therefore another railway, dissimilarly and more advantageously placed, in all of these respects, will not pay either!

The mere statement of such a line of argument sufficiently destroys its weight.

I am unwilling to pursue further the discussion of the causes of the non-productive character, of the investment in the two great Railways of Canada: and I would not have referred to them, had I not been forced to do so by the line of argument which has been used against the Northern Colonization Railway. Their management is a question for their own shareholders. And so incomprehensible is the violence of the attacks upon Canadian Railways, that one might think they may have been intended to prepare the minds of the Shareholders of one of them for the semi-annual report which immediately followed. But I have said enough to shew that there is a manifest injustice; not to say an absurdity; in using the natural result of such a state of things, as a ground for the condemnation of a new Railway; in the heart of Canada; serving without a competitor a large population, in a prosperous and rapidly increasing manufacturing section of the country, connecting the Canadian Pacific with ocean navigation; and the commercial capital of Canada with its political centre; con-

structed equal in all respects to the best part of the Grand Trunk Railway : at less than one-third of its cost.

And the policy which dictates the opposition is not a wise one. The development of Canada is as necessary for the increase of the prosperity of the Grand Trunk Railway, as of any other of the great works it contains. Any check to its settlement and progress, will so far check its natural increase of trade and traffic. And no company or person can be so much interested in that increase, as the Grand Trunk Railway Company.

HUGH ALLAN,

President Montreal, Ottawa and Western Railway.

32, LOMBARD STREET,

April 23rd, 1875.

Grand

a wise
for the
ray, as
check
atural
oerson
Grand

ilway.

